

West German Hostage Freed By Kidnappers in Lebanon

BEIRUT — A West German businessman held captive in Lebanon for almost 20 months has been freed, the Lebanese information minister said late Monday.

Earlier, Nora Boustany of The Washington Post reported from Beirut that the captives were freed.

Kiosk

Postal Strike Ends in Britain

LONDON (AP) — British union leaders called off a 13-day postal strike on Monday, but domestic and international service is expected to be slow for the next two weeks as a backlog of 150 million letters and packages is processed.

Papandreou, Facing Heart Surgery, May Be Losing Support

By Paul Anastasi Special to the Herald Tribune

ATHENS — Prime Minister Andreas Papandreou is to undergo heart surgery in a British hospital soon amid indications that the Socialist leader's support in Greece is eroding.

Separating the Kurds' Wounds of War From Those of Peace

By Clyde Haberman New York Times Service

DIYARBAKIR, Turkey — His name was Mehmet and he was 3 years old, a sad-faced, sandy-haired little boy without shoes and in need of a good scrubbing.

Bush Aide Resigns Over Jewish Survey

By David Hoffman Washington Post Service

WASHINGTON — The deputy chairman of the Republican National Committee, Frederick V. Malek, has resigned following the disclosure that in 1971 he carried out a survey of Jews in high-ranking jobs in the Bureau of Labor Statistics for President Richard Nixon.

A Chill Descends on Bentsen and Quayle

New York Times Service

DALLAS — It was a closed-door session among key aides to the presidential candidates, Governor Michael S. Dukakis and Vice President George Bush, a session involving debate planning and scheduling.

The Greening of Yellowstone Days After Fire Scorches Forest, Signs of Life Sprout

By Jay Mathews Washington Post Service

YELLOWSTONE NATIONAL PARK, Wyoming — The orange-yellow flames swept through this pea-green meadow and surrounding pines three weeks ago, blackening the sky and scattering wildlife during the most destructive fire season ever to strike Yellowstone National Park, the largest park in the United States.

Macmillan Agreement Likely to Stop Maxwell

Compiled by Our Staff From Dispatches

NEW YORK — Macmillan Inc. agreed Monday to a \$2.36 billion leveraged buyout, which apparently thwarts efforts by Robert Maxwell, the British media baron, to acquire the publishing giant.



Botha's First State Visit to Black Africa Begins in Mozambique

President Joaquim Chissano of Mozambique welcomed President Pieter W. Botha of South Africa at Songos, western Mozambique, on Monday at the start of Mr. Botha's first state visit to black Africa. The presidents

Gold Falls On Lower Oil Price

Waning Worries Of Inflation Dim Precious Metal

Compiled by Our Staff From Dispatches

LONDON — Gold touched 17-month lows Monday as inflation fears receded, largely because of falling oil prices early in the day.

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Advertisements for various services and products, including 'The Coburg Hotel' and 'RIBUNE'.



A Yellowstone Park worker rolling up a fire hose as snow falls in the Old Faithful geyser area.

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While Assailing Bush, Dukakis Announces Foreign Policy Goals

PHILADELPHIA — Governor Michael S. Dukakis pledged Monday to implement a foreign policy that would "restore respect for American leadership in a changing world," and said that his Republican rival had failed in combating trade deficits, terrorism and drug trafficking.

In a speech at a union hall here, the Democratic presidential candidate said that his three principal points would be a strong domestic economy that would bolster the U.S. position in world trade, unwavering opposition to terrorism and an expanded effort to halt international drug trafficking.

"In each of these three areas, George Bush has failed," Mr. Dukakis said. "I want to beat our foreign competitors; he's willing to settle for second best. I want to crack down on terrorism; he knuckled under to the Ayatollah. I want a real war on drugs; his answer to drug kingpins like Noriega is J. Danforth Quayle."

Mr. Dukakis was referring to the Panamanian leader, General Manuel Antonio Noriega, who has been indicted in the United States on charges of drug trafficking, and to the Republican vice presidential candidate, Dan Quayle.

The aggressive tone of the speech continued a trend in Mr. Dukakis's campaign style that began late last week following high-level meetings with his aides. He has been vulnerable to attack from Mr. Bush on defense and foreign policy issues, and planned to devote many of his campaign speeches this week to the defense issue.

Mr. Dukakis, governor of Massachusetts, criticized the vice presi-

dent's role in a long list of Reagan administration policies, from the Iran-contra affair to cutbacks in federal funds for state and local drug programs and support for General Noriega.

"Why haven't you explained to the American people, to our parents and children, to our law enforcement officers and to victims of drug-related crimes, why the United States government had General Noriega on its payroll?" Mr. Dukakis asked.

"What kind of judgment is this? What kind of priorities are these?" Mr. Dukakis accused the Reagan administration of "yielding control of America's economic future to bankers in Tokyo and Bonn." He promised to enforce the new trade law, encourage better labor-management relations and help business invest in new technology and research.

"The primary foreign policy objective of the Dukakis administration can be stated very simply: to restore respect for American leadership in a changing world," he said.

In Boston on Sunday, Mr. Dukakis vowed to keep NATO strong and said that he would not tamper with the size of U.S. forces committed to the alliance.

"My commitment to NATO is very strong," he said at a news conference. "You will see a very, very strong alliance."

The governor said he wanted "a very strong relationship," particularly as the United States moved toward the beginning of negotiations for reduction of conventional forces in Europe. He said he hoped for deeper cuts on the Soviet side. (AP, Reuters).



George Bush, right, and Senator Dan Quayle before a lunch at Mr. Bush's residence in Washington. Also shown are one of Mr. Quayle's sons, Tucker, and one of Mr. Bush's granddaughters, Jenna.

Bush Names Policy Panel

Vice President Bush named a 13-member campaign panel on Monday to advise him on national security issues, and some members immediately accused Governor Michael S. Dukakis of lacking the capacity to handle world crises. The Associated Press reported from Washington.

One panelist, Zbigniew Brzezinski, former national security adviser under President Jimmy Carter,

said that of the two presidential candidates, "George Bush is the one who can best fashion an effective, bipartisan foreign policy."

Mr. Bush said that Mr. Dukakis had questioned the Reagan administration's direct military initiatives in Grenada, the Gulf and Libya, and that the Democratic candidate would rely instead on the United Nations or other international organizations.

Brent Scowcroft, who was national security adviser under Presi-

dent Gerald R. Ford, said that Mr. Dukakis had "demonstrated neither the capacity nor the instincts" to handle world crises.

Besides Mr. Brzezinski and Mr. Scowcroft, the panelists include Henry A. Kissinger and Alexander Haig, former secretaries of state; Anne Armstrong, a former ambassador to Britain; Howard H. Baker Jr., a former White House chief of staff; and Melvin Laird and Donald Rumsfeld, former secretaries of defense.

Drawing the Line in Yonkers

By Alan Finder
New York Times Service

NEW YORK — The brinkmanship between Yonkers, New York, and a federal judge has brought national attention this summer to that city's housing desegregation case, but it has also raised profound questions about America's suburban housing, which experts say is still largely segregated by race.

Over the weekend, two members of the city council, bowing to pressure from the judge, changed their votes and agreed to support a court-ordered housing desegregation plan, averting widespread layoffs and continuing fines of \$1 million a day.

The decision clears the way for the building of 1,000 units of low and moderate income housing in east Yonkers, which is predominantly white. The plan had been opposed by residents on grounds of fear of crime and declining property values.

The resolution comes nearly three years after Judge Leonard E. Sand of U.S. District Court found the city guilty of 40 years of racial discrimination in both housing and education. The lawsuit led to a school desegregation plan, but the council reneged on the housing plan after briefly agreeing to a consent decree last January.

Despite the drama, it remains unclear whether the city's apparent capitulation Saturday will produce a significant legal or political precedent.

"Yonkers in some ways has been an unfair scapegoat, yet they had to do the right thing," said Kenneth T. Jackson, a professor of American history at Columbia University and the author of "Crabgrass Frontier," an award-winning study of the suburbanization of America.

"Yonkers had this pattern of discrimination," Mr. Jackson said. "The only thing is that they are not

alone. We shouldn't be thinking that a bunch of racists live in Yonkers. The rest of us are not that different."

More than 30 years after the U.S. Supreme Court outlawed segregated schools, and 20 years after the civil rights movement galvanized

Thirty years after the Supreme Court outlawed segregated schools, most American suburbs remain fundamentally segregated.

public opinion, most American suburbs remain fundamentally segregated, Mr. Jackson and other experts say.

Suburban towns tend to be homogeneous: middle- and upper-middle class and predominantly white. More black and Hispanic families have been able to leave the cities for the suburbs, but their mobility has been limited.

"What blacks find is that when they leave segregated cities, they tend to be segregated in the suburbs," said Hugh A. Wilson, a professor of political science at Adelphi University on Long Island and the director of the university institute for Suburban Studies.

"If only Yonkers is transformed by this, then I think people interested in civil rights and racial justice will have been thwarted," Mr. Jackson said of the Westchester city's court-ordered open-housing plan, which requires 1,000 units of low- and middle-income housing to be built in predominantly white neighborhoods.

"It's time to focus on the larger American pattern of segregation in the suburbs," he said.

But many civil rights lawyers, fair-housing advocates and urban planners say that while Yonkers has focused sharp attention on racial and economic segregation in housing, this may not represent a major turning point.

Yonkers was found by Judge Sand to have deliberately segregated its schools and housing. Civil rights lawyers and supporters of integration prefer to argue a less demanding legal standard: that the effect of government decisions produced segregated housing, whether intended or not.

The Yonkers case also includes a political and demographic anomaly. Because the city of nearly 200,000 people has long been home to many black and Hispanic families, it was vulnerable to a lawsuit that accused city officials of putting public housing only in low-income neighborhoods.

Many experts say similar litigation could fall against the affluent Westchester suburbs north and east of Yonkers precisely because they now have few, if any, residents from minority groups, and virtually no public housing. The courts, along with state legislators and municipal councils, have been reluctant to consider housing desegregation plans that would cross municipal boundaries.

"The communities that always remain unassaulted are the ones I've never allowed a foot in the door," said Peter D. Salins, chairman of the Department of Urban Affairs and Planning at Hunter College.

"The thing that frustrates me so much is the sort of intellectual dishonesty that surrounds the Yonkers case," Mr. Salins said. "This has been made sort of a new version of George Wallace at the schoolhouse door. I don't think that is a fair or apt comparison."

Ethics Office Assails Meese For 'Failures'

WASHINGTON — The U.S. government ethics office issued a scathing report Monday on former Attorney General Edwin Meese 3d, saying he failed to meet federal ethics requirements by holding \$14,000 in telephone stock and helping a friend, E. Robert Wallach, with a business deal.

"Simply avoiding criminal conduct is not the mark of public service," said the director of the ethics office, Frank Q. Nebeker, in a report sent to ethics officers in the federal government.

The report noted that Mr. Meese agreed with the ethics office when he became attorney general in 1985 to sell his telephone stock because it presented a potential conflict of interest. Mr. Meese listed the stock on subsequent financial disclosure forms as having been sold.

Instead, Mr. Meese transferred the stock to his financial manager, W. Franklyn Chinn, who is under indictment along with Mr. Wallach on charges of racketeering in the Wedtech scandal. Mr. Meese finally sold the stock last year after he came under criminal investigation.

Mr. Meese had also promised the ethics office to remove himself temporarily from any matter involving Mr. Wallach, who had represented Mr. Meese in an independent counsel's investigation in 1984.

But he telephoned the president's national security adviser at the time, Robert C. McFarlane, to arrange a meeting for Mr. Wallach in connection with a proposed \$1 billion Iraqi oil pipeline.

"This office did not accept Mr. Meese's ethics agreement lightly, does not accept his failure to comply with it lightly, and will not accept other nominees' agreements lightly in the future," Mr. Nebeker said in the memo.

"This investigation of Mr. Meese is a stark example of the results of inattention to such an agreement by an official."

One of Mr. Meese's lawyers was preparing a response to the report Monday.

WORLD BRIEFS

London Expels Cuba's Ambassador

LONDON (Combined Dispatches) — Britain expelled Cuba's ambassador and his third secretary Monday night following a shooting incident in central London in which the junior diplomat was arrested, the Foreign Office said.

Foreign Office Minister Timothy Eggar told the ambassador, Oscar Fernandez Mell, that he and his third secretary, Medina Perez, must leave Britain by midnight Tuesday.

A spokesman said the Cuban ambassador had been summoned to the Foreign Office on Monday evening to hear a protest about the incident, which took place in the Cambridge Square diplomatic district. A man was arrested and a revolver seized. He was later released from a police station after proving he had diplomatic immunity. No one was hurt in the shooting. (AP, Reuters)

Gulf Peace Talks to Resume Tuesday

GENEVA (Reuters) — The foreign ministers of Iran and Iraq agreed Monday to a further meeting in the stalled Gulf peace talks as United Nations mediators searched for a formula to save the negotiations from collapse.

A UN spokesman said the full delegations, led by Ali Akbar Velayati of Iran and Tariq Aziz of Iraq, were to meet again Tuesday.

The two men last met Saturday for three and a half hours of apparently inconclusive talks in their third plenary session since negotiations began Aug. 25.

Hurricane Hits Jamaica at 115 MPH

KINGSTON, Jamaica (AP) — A hurricane Monday brought torrential rains and winds of about 115 mph (185 kph) that ripped roofs off homes and buildings, uprooted trees and downed power lines. No serious injuries were reported. The north coast resort area, on the opposite coast from Kingston, was expected to escape the brunt of the storm.

The National Weather Service reported heavy damage to Kingston's airport and aircraft parked on its fields. All Jamaica-bound flights from Miami International Airport were canceled. Flights from the Cayman Islands, next in the path of the hurricane, arrived in Miami carrying travelers cutting short their vacations.

Pope Visits Troubled Zimbabwe Area

BULAWAYO, Zimbabwe (Reuters) — Pope John Paul II brought a message of reconciliation Monday to Zimbabwe's Matabeleland Province, where peace has recently returned after years of conflict.

Addressing 50,000 worshippers at a mass in Bulawayo's windswept and dusty Ascot racecourse, the pope spoke of "the crippled, the maimed, the bereaved, those unjustly deprived of property and savings" in the fighting.

But he added: "At the same time you have had to work patiently but continually for reconciliation and peace, a goal not easily achieved after years of conflict." He said that even after the guerrilla struggle brought independence in 1980, strife continued in Matabeleland. "How do civilian populations continue to suffer from guerrilla warfare and other forms of violence," he said.

Sinhalese Militants Carry Out Strike

COLOMBO (AP) — Shops, businesses and a newspaper group closed and public transport came to a halt Monday as anti-government Sinhalese militants held a nationwide general strike, officials and residents said.

The People's Liberation Front said in posters and leaflets that the strike was to observe a day of mourning for Wijedasa Lyanarachchi, a human rights lawyer who died in police custody last week, and to protest the alleged disappearance of suspects detained by security forces.

The People's Liberation Front has been accused of killing nearly 500 people, including supporters of the ruling United National Party, security personnel and leftists, in a campaign against an Indian-brokered peace pact aimed at ending Tamil separatist agitation. The Independent Newspapers Group was closed after threats, journalists said.

Thousands in Budapest Protest Dams

BUDAPEST (Reuters) — Thousands of Hungarians assembled outside the parliament building Monday in a protest against a dam project on the Danube. Police said 20,000 people took part in the demonstration, one of the largest in Hungary since the toppling of 1956.

Environmentalists say that two hydroelectric dams — one being built near the Hungarian village of Nagymaros and the other at Gabčíkovo in Czechoslovakia — will destroy wildlife, pollute water and waste money.

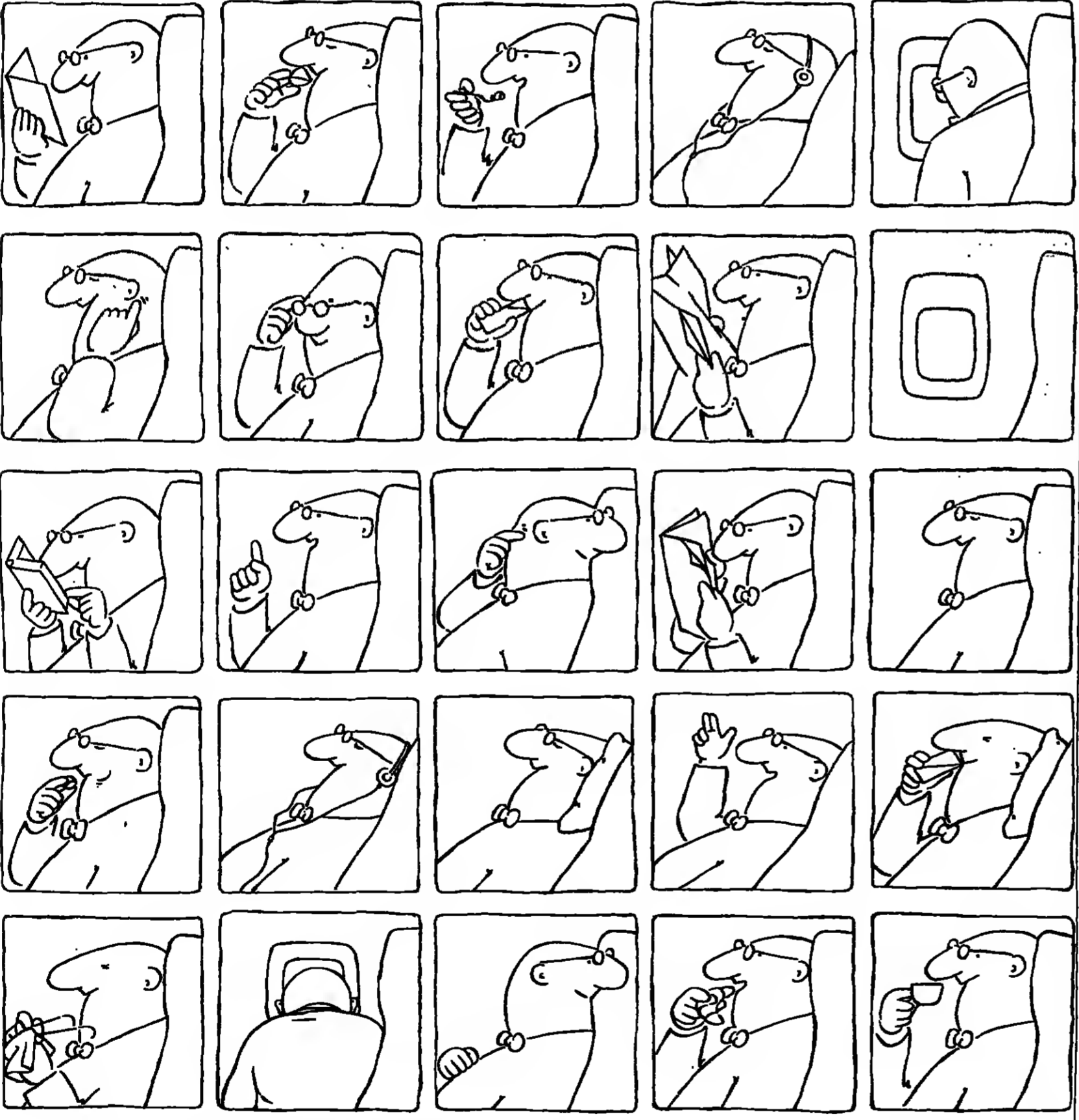
Five protest organizers were allowed into the parliament building, where they presented a letter calling for a referendum on the issue.

TRAVEL UPDATE

The Dutch airline KLM is cutting prices for couples traveling first class from Amsterdam to Anchorage, Atlanta, Chicago, Houston, Los Angeles and New York. One member of each couple will receive a 50-percent reduction. KLM also has first class "couple" fares between Amsterdam and three destinations in Indonesia — Jakarta, Denpasar and Medan and Amsterdam and Manila. (IHT)

Correction

An inadvertent omission in one of Prime Minister Lee Kuan Yew's responses in the Monday Q&A left the Singaporean's answer subject to misinterpretation. The sentence should have read as follows: "The EC, as it prepares to form a single market in 1992, and the U.S., with its free trade agreement with Canada, must understand that we also can, in extremis, form a special trade area."



Swissair Business Class passengers find time flies, even on long flights.

Please, carry on reading. Your favorite drink will be served immediately. With background music, if you wish. Will you be taking the turbot or the veal escalope? Naturally each course served separately on porcelain with real cutlery. Newspapers? A magazine perhaps? Of course. Would you prefer to go through your files undisturbed? Certainly. You are, after all, travelling in our Business Class surrounded by fellow business people. Excellent. But now you've earned a breather. That's right, a touch of the button lets you stretch out in lazy comfort. Close your eyes. Had a good nap? We hope you enjoyed your flight in our Business Class. Thank you for flying Swissair.

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There are now roughly 20 million ISA personal computers in use in the world. And thousands more are being put to work every day.

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A Smart Investment Pays Off. Since PC's were introduced, just eight years ago, businesses worldwide have collectively invested well over \$100,000,000,000 in ISA PC hardware, software, peripherals and training. EISA could hardly be called an "advancement" if it forced you to write off an investment like that.

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PAST 8 YEARS,
BUSINESS HAS
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PC manufacturers call this "upward compatibility." You'll probably just call it "smart."

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dustry will have the same opportunity to adopt it.

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Armenia's Struggle to Endure

Fearing Assimilation, Many Turn to Preserving the Past

By David Remnick
Washington Post Service

ECHMIADZIN, U.S.S.R. — "This is a piece of Noah's ark," the guide said her visitors stepped up to another glass case. "Monks in the fourth century brought it down from Mount Ararat."

Guides in Armenia are less mechanical than their counterparts in Moscow, and this one was quick to allow that the square of wood "might not be really part of the ark."

"Maybe it's just a well, you know, a symbol," she said.

Then she pointed to "the spear that pierced the side of Christ," brought to Armenia by St. Bartholomew. "Though, maybe it's a copy, who knows?"

This is the Armenian village of Echmiadzin, headquarters of Vazgen I, the catholicos, or leader, of the Armenian Apostolic Church.

Armenia has endured centuries of foreign rule and hardship. In 1915, the Turkish deported 1.7 million Armenians to Syria and Mesopotamia, and it is believed that about 600,000 of them were massacred or died en route. Turkey denies responsibility for the killings.

All the while, the church has been the guardian of the Armenian language, literature, symbols, culture.

Since the Soviet Union absorbed Armenia in 1920, the Armenian church, like all other religions in the Soviet Union, has endured the repression of an officially atheist state.

But one priest, Father Natan, said, "The church survived, and the predominant religion in Armenia is still the Armenian Apostolic Church."

Most Armenians, religious or not, still baptize their children and participate in the church's ancient rituals.

When 26 Armenians were killed in February in the city of Sumgait in neighboring Azerbaijan Republic during protests over Armenian demands for reunification with the Nagorno-Karabakh Autonomous Region in Azerbaijan, Vazgen appeared on television and appealed for calm. Armenians here say that the speech helped keep the peace. Six Azerbaijanis also were killed in the clashes.

But now, as the republic has grown increasingly angry over the decision by the Kremlin to keep the predominantly Armenian and Christian Nagorno-Karabakh enclave under the administration of Moslem Azerbaijan, some Armenians have even extended their disenchantment to the catholicos.

"I'm afraid he is just serving Moscow's interests now," an activist said.

Recently, as Vazgen was leaving a performance of the opera in Yerevan, the Armenian capital, a group of young independence activists screamed at him: "Moslem!" "Communist!"

The church still maintains that it is the center of Armenian life and that it is not a tool of Moscow.

A priest, Father Manuk, said: "The church is still with the people, and the people should realize that."

Armenians, like Jews, are a people of diaspora. There are large Armenian populations in Lebanon, Turkey and the United States.

Armenians here are proud of their "diaspora brothers," like the novelist William Saroyan or Governor George Deukmejian of California.

But they are also aware that with diaspora comes assimilation.

"This makes us very, very anxious," said Harad Materajan, a celebrated ocellist in Yerevan.

Armenians find that when the sons and daughters of emigrants return for a visit, "very few of them seem to know the language," Mr. Materajan said.

"It is one of the most ancient, one of the richest languages in history, and a piece of it is lost every

time someone leaves for good," he said.

The migration of Armenians to other Soviet republics has also taken a toll, he said. Like other intellectuals, Mr. Materajan said he was caught in a dilemma.

"I don't really want to be a nationalist, and a lot of people feel the same," he said. "I would rather be international in my outlook and just be a normal man, a normal artist."

"But this is not possible, especially for a people who have a history like ours. For a small people, the threat of disappearance hangs over us every day."

Meanwhile, there are forgotten people in Armenia. For generations, a small Azerbaijani population has lived here, working in city markets and on farms outside Yerevan.

But after the incident in Sumgait, harmony between the two peoples collapsed. At the central market in Yerevan there were arguments, fights and abuse. And now there are no Azerbaijanis there at all.

"We don't prohibit them from coming," said Nina Orduchanyan, a vendor. "But they are afraid."

Most of the merchants said the Azerbaijanis could return without incident. But not everyone is so willing.

Henrik Harutsyan, 40, a fruit salesman, said, "Azerbaijanis are just Turks, the same lot, and if I see a Turk, I'll kill him."

"They killed our grandparents," he added, "and now they want to kill us. We could live with them if they would only become human beings. But they act like animals."

At the Azerbaijani Khudova Middle School, the Azerbaijani director, Adil Sulimanov, said that he has lost 75 percent of his students in the past six months. "There is almost no one left," he said.



Residents of Yerevan, the capital of Armenia, inspecting photographs of some of the 26 Armenians who were killed during nationalist demonstrations in late February in the Azerbaijani city of Sumgait.

TWA Captain Believes Hammadi Is Hijacker Who Killed U.S. Sailor

By Robert J. McCartney
Washington Post Service

BONN — The pilot of the TWA jet hijacked in 1985 testified Monday that he believed that Mohammed Ali Hammadi was the hijacker who shot and killed Robert D. Stethem, a U.S. Navy diver, on the second day of the hijacking.

Captain John L. Testrake's testimony marked the first time that Mr. Hammadi, rather than his accomplice in the hijacking, had been identified in the Frankfurt trial as the one who shot Mr. Stethem in the head while the diver was held in the doorway of the airplane at Beirut.

Mr. Testrake acknowledged that he did not witness the murder, and that he was not paying close attention to details at the time because he was under extreme stress. But he said after examining the defendant in the courtroom that his recollection was that Mr. Hammadi pulled the trigger.

Mr. Hammadi, a Lebanese Shiite Moslem, has admitted that he helped to hijack the jet but insisted that his accomplice was wholly to blame for murdering Mr. Stethem. The issue is important in determining how long a sentence Mr. Hammadi would receive if convicted.

The pilot testified as reports from Beirut indicated that the release was imminent of a West German businessman, Rudolf Cordes, who has been held hostage for 19 months by kidnappers seeking to free Mr. Hammadi.

Both West German officials and knowledgeable diplomatic sources said that they were confident that the West German government had made no promises of lenient treatment for Mr. Hammadi in order to help win Mr. Cordes's release.

Mr. Testrake spoke of Mr. Hammadi's role in Mr. Stethem's murder after the pilot had a chance to look closely at the defendant during a pause in trial proceedings.

"I did say before that one of the two appeared to do more of the communicating, and the other more of the violence," Mr. Testrake, of Richmond, Missouri, said. "And in looking at this man, I was struck that he fit the second of the two descriptions."

"He added, 'This is the man who I recall had stood in the forward entryway against Stethem.'"

The court has identified Mr. Hammadi's accomplice as Hassan Izz Dine, also of Lebanon, who is still at large.

The hijackers apparently murdered Mr. Stethem, of Waldorf, Maryland, in order to reinforce their demands that the plane be refueled. At the time of the murder, Mr. Stethem already was unconscious from repeated beatings.

Mr. Testrake's testimony implied that Mr. Izz Dine was the hijacker who was arguing over the radio with the airport control tower just before Mr. Stethem was shot.

The hijacker screamed into the radio, then turned to his accomplice and shouted what apparently was an order, the pilot said.

"I heard a single pistol shot," he continued. Then, he said, the first hijacker screamed at Mr. Testrake to tell the tower that one passenger had been shot, and another would be shot in five minutes if their demands were not met.

Mr. Testrake's testimony was surprising because the prosecution previously had submitted evidence that Mr. Izz Dine, and not Mr. Hammadi, shot Mr. Stethem.

Gorbachev Heckled on Soviet TV

Reviews

MOSCOW — In highly unusual scenes broadcast across the Soviet Union on Moscow television Monday, angry Siberians asked Mikhail S. Gorbachev, the Soviet leader, to go into their shops and see that they had nothing to buy.

The heckling, although apparently not aimed at Mr. Gorbachev personally, came within minutes of his arrival at Krasnoyarsk, a Siberian industrial region, starting a weeklong visit.

"Go into our shops, Mikhail Sergeevich," a woman shouted at him. "You'll see there's nothing there." Mr. Gorbachev had stopped to talk to people crowded by the side of the road on the way into the city from the airport.

"We have lines everywhere, for meat, for sausage, for everything," a man called out as Mr. Gorbachev, his wife, Raisa, at his side, sought to calm the crowd to tell them measures would be taken to improve living conditions.

"No one's doing anything about housing here," "We have no hot water," "Our public transport is a disaster," other voices were heard to say in the encounter.

Although Mr. Gorbachev has made meetings with ordinary people on the streets of the Soviet Union a trademark in his three and a half years in power, Monday's exchanges were the frankest yet publicized by the state media.

But now, as the republic has grown increasingly angry over the decision by the Kremlin to keep the predominantly Armenian and Christian Nagorno-Karabakh enclave under the administration of Moslem Azerbaijan, some Armenians have even extended their disenchantment to the catholicos.

"I'm afraid he is just serving Moscow's interests now," an activist said.

Recently, as Vazgen was leaving a performance of the opera in Yerevan, the Armenian capital, a group of young independence activists screamed at him: "Moslem!" "Communist!"

The church still maintains that it is the center of Armenian life and that it is not a tool of Moscow.

A priest, Father Manuk, said: "The church is still with the people, and the people should realize that."

Armenians, like Jews, are a people of diaspora. There are large Armenian populations in Lebanon, Turkey and the United States.

Armenians here are proud of their "diaspora brothers," like the novelist William Saroyan or Governor George Deukmejian of California.

But they are also aware that with diaspora comes assimilation.

"This makes us very, very anxious," said Harad Materajan, a celebrated ocellist in Yerevan.

Armenians find that when the sons and daughters of emigrants return for a visit, "very few of them seem to know the language," Mr. Materajan said.

"It is one of the most ancient, one of the richest languages in history, and a piece of it is lost every

time someone leaves for good," he said.

The migration of Armenians to other Soviet republics has also taken a toll, he said. Like other intellectuals, Mr. Materajan said he was caught in a dilemma.

"I don't really want to be a nationalist, and a lot of people feel the same," he said. "I would rather be international in my outlook and just be a normal man, a normal artist."

"But this is not possible, especially for a people who have a history like ours. For a small people, the threat of disappearance hangs over us every day."

Meanwhile, there are forgotten people in Armenia. For generations, a small Azerbaijani population has lived here, working in city markets and on farms outside Yerevan.

But after the incident in Sumgait, harmony between the two peoples collapsed. At the central market in Yerevan there were arguments, fights and abuse. And now there are no Azerbaijanis there at all.

"We don't prohibit them from coming," said Nina Orduchanyan, a vendor. "But they are afraid."

Most of the merchants said the Azerbaijanis could return without incident. But not everyone is so willing.

Henrik Harutsyan, 40, a fruit salesman, said, "Azerbaijanis are just Turks, the same lot, and if I see a Turk, I'll kill him."

"They killed our grandparents," he added, "and now they want to kill us. We could live with them if they would only become human beings. But they act like animals."

At the Azerbaijani Khudova Middle School, the Azerbaijani director, Adil Sulimanov, said that he has lost 75 percent of his students in the past six months. "There is almost no one left," he said.

Arafat's Strasbourg Visit Divides Europe

By Youssef M. Ibrahim
New York Times Service

PARIS — "Mr. Arafat, the French are waiting for you."

The taunting message, which appeared Monday across a full-page advertisement in the French newspaper *Le Monde*, was sponsored by the Representative Council of Jewish Institutions. It demanded that the Palestine Liberation Organization chairman answer for various acts of terrorism that it attributed to his organization.

The advertisement is the latest chapter in a mounting confrontation between pro-Israeli and pro-Arab groups in France that surrounds a two-day visit in Strasbourg by Mr. Arafat that begins Tuesday.

Mr. Arafat will address representatives of the Socialist group of European members of parliament on Tuesday evening and will hold a news conference on Wednesday.

Hundreds of policemen and special security men are being deployed in Strasbourg, where a number of demonstrations by supporters of Israel and counter-demonstrations by pro-Arab groups are planned at noon on Tuesday. Twelve Jewish committees from Europe and 15 pro-Arab groups are expected to demonstrate.

Unconfirmed plans of a meeting between Mr. Arafat and Foreign Minister, Roland Dumas, a Socialist, have been strongly opposed by the president of the Jewish group, Theo Klein. Mr. Klein appealed to President Francois Mitterrand in a message Monday to prevent the encounter from taking place.

Officials of the Foreign Ministry refused to confirm or deny that a meeting with Mr. Arafat had been set up, but Arab diplomatic sources affirmed that plans for it had been made.

"It's good they are making such a fuss," said a senior PLO official who asked not to be identified. "The more fuss, the better the publicity." In a telephone interview Monday night, the official said that since this was Mr. Arafat's first visit to France, "the Palestinians could use all the attention we can get."

The invitation to Mr. Arafat by Rudi Arndt of the Socialist group of the European Parliament has become the focus of increasing attention not only because of the strenuous objections by Jewish groups in Western Europe, but also as it comes at a time of tension within the PLO.

The Palestinians are locked in a heated debate about the possibility of extending a diplomatic initiative premised on the recognition of Israel's right to exist in return for a

parallel recognition of the PLO's role as the sole representative and negotiating agent for the Palestinian people.

In a letter addressed to the Socialist group president, Mr. Klein asked whether the visit would not be put to better use if Mr. Arndt queried Mr. Arafat about the best methods to counteract terror.

Mr. Arndt answered that the Socialist group, which he said has had a long history of fighting for peace, liberty and democracy, had the right to be critical of "those who see acts of terrorism from one side but close their eyes in the face of terrorism committed by others."

The allusion was to the Israeli Army's repression of the Palestinian uprising in the occupied territories of the West Bank and Gaza.

The visit by Mr. Arafat is also significant, some experts say, because of a rising sentiment in Europe, particularly among the young, that the Palestinians must get a better hearing for their grievances.

"At this point, there is a growing acceptance that a rational solution of the Palestinian problem is imperative and that the PLO by and large represents the Palestinian people," said Dominique Moisi, associate director of the French Institute for International Relations in Paris.

An added complication is that the Israeli Labor Party, headed by Shimon Peres, maintains close ties with the European Socialist parties. Mr. Arafat's presence in Strasbourg is likely to be used by the Likud opposition to Mr. Peres in the election campaign in Israel.

withdraw soon, but it linked a pull-out to China halting its arms supplies to the Khmer Rouge while Vietnamese troops leave. China, the diplomats said, told the Soviet Union that it would continue to supply arms to the Khmer Rouge because Vietnam was still propping up the government in Phnom Penh.

The diplomats said China wanted an international peacekeeping force, sponsored by the United Nations, to oversee a withdrawal.

This was opposed by the Soviet Union, but Moscow backed undefined international supervision. Moscow and Beijing said they were willing to act as guarantors to a settlement, the diplomats said.

Soviet and Chinese officials told diplomats that Mr. Rogachev's four days of talks with the Chinese deputy foreign minister, Tian Zengpei, were useful and positive.

China offers Cambodia plan

BEIJING — China has proposed an Afghan-style solution to the Cambodian conflict that would give Vietnam nine months to withdraw all its troops under international supervision, diplomats said on Monday.

The proposal was made to a Soviet deputy foreign minister, Igor A. Rogachev, in talks that ended in Beijing this month, the diplomats said after official briefings from both sides.

China had pressed for a timetable for a withdrawal by Vietnam modeled on the United Nations-sponsored accord signed in April that gave the Soviet Union nine months to remove its 115,000 troops from Afghanistan in two stages.

Vietnam invaded Cambodia in 1978 to overthrow the Khmer

ROUGE, which is widely blamed for the deaths of about a million Cambodians during their four years in power under Pol Pot. It has an estimated 100,000 to 120,000 troops in the country.

A Soviet official said Mr. Rogachev had asked China to give asylum to Mr. Pol Pot and ensure that he would never return to power.

Diplomats said that Chinese and Soviet officials confirmed that Mr. Pol Pot's future had been discussed.

China has denied Western press reports that Mr. Pol Pot is in Beijing for medical treatment. The Khmer Rouge says he has retired, but Western diplomats say they believe he still plays a leading role in the Khmer Rouge organization.

Diplomats said the Soviet Union agreed that the Vietnamese should

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Botha, Touring Africa, Begins in Mozambique

The Associated Press
SONGO, Mozambique — President Pieter W. Botha of South Africa made his first conference stop in black Africa on Monday, meeting leaders of a Marxist government that has blamed its country's ills on Pretoria.

President Joaquim Chissano shook hands with Mr. Botha at an airfield welcoming ceremony, then took the South African leader by jeep to tour the nearby Cahora Bassa hydroelectric project.

South Africa has signed an agreement to help renovate the project in the western province of Tete, which has been running at less than 1 percent of capacity for the last three years. The power line leading

to South Africa from the dam near Songo has been sabotaged repeatedly by guerrillas that Mozambique asserts are aided by Mr. Botha's security forces.

Formal talks between the two delegations began at the offices of the project's operating company.

Mr. Botha later was to travel to Malawi for talks Tuesday with President Hastings Kamuzu Banda. Malawi is the only African state that maintains full diplomatic ties with white-ruled South Africa.

Mr. Botha and Mr. Chissano were expected to discuss the Nkomati accord, a mutual nonaggression treaty signed between the two countries in 1984. The treaty lapsed in 1985 when Mozambique produced evidence that South Africa continued to assist the Mozambique National Resistance Movement, known as Renamo, in violation of the accord.

Since then, Mozambique has never dropped its allegation that South Africa aided the guerrillas, who began their insurgency two years after the country gained independence from Portugal in 1975.

The war, combined with drought, has left millions of Mozambicans homeless and short of food.

Many Western governments, including the United States, have increased aid to Mozambique and endorse its contention that the rebels receive covert logistical and communications aid from South Africa.

South Africa insists it no longer aids the rebels, and Mr. Botha was expected to try to persuade Mr. Chissano to mite the allegations.

Mr. Botha was accompanied by his defense minister, Magnus Malan, and his foreign minister, R.F. Botha, who is unrelated to the president.

Mr. Chissano's delegation included three cabinet ministers and two military commanders, according to the Mozambique news agency, AIM.

Even when their relations were badly strained, Mozambique and South Africa maintained extensive ties. Tens of thousands of Mozambicans work as miners and migrant laborers in South Africa, and the capital's electricity is supplied by South Africa.

In the past year, South Africa has expanded its trade mission in Maputo, pursued economic development possibilities in Mozambique, and revived a joint military monitoring commission established by the Nkomati accord.

President Botha has had few chances to travel in black Africa during his 10 years in power. In 1986, he attended the coronation of King Mswati 3d of Swaziland, and in 1987 he secretly visited South African troops fighting in Angola.

Banda's Malawi: Small, Disciplined, Intolerant

By Mary Battiata
Washington Post Service

LILONGWE, Malawi — On the eve of independence a quarter-century ago, the man who now runs this small African country set forth his philosophy of good government.

"I do the work myself," declared Hastings Kamuzu Banda, snuffing his long-tailed, ivory-handled fly whisk before a jubilant crowd.

"The Malawi system — the Malawi style — is that Kamuzu says

it's that, and then it's finished. No nonsense. You cannot have everybody deciding what to do."

Since then, while many of his counterparts in other African countries have begged their nations by creating huge bureaucracies, pushing unrealistic economic policies and allowing corruption to flourish at high levels, His Excellency the Life President of Malawi, a physician, capitalist and elder of the Church of Scotland, has been as good as his word.

The diminutive Mr. Banda, now thought to be near 90, rules as paramount chief, a modern African monarch in black homburg, three-piece suit and thick spectacles. Huge glass-covered photographs of the ngwazi, or conqueror, as he is known, decorate traffic circles. A headline proclaiming "Thirty Glorious Years With Kamuzu" runs daily on the front page of the country's major newspaper.

Mr. Banda is, in the terminology of Africa's masses, the Big Man of Malawi. He has done what many African leaders try to do — make his country over in his own image — but he has done it more thoroughly than most. Malawi is Banda squared — small, disciplined and notably intolerant.

Mr. Banda took power determined to make Malawi into "the Denmark of Africa," and by certain measures, he has. Africa development experts refer to this rural nation as the "Malawi miracle."

It is the world's sixth poorest country, according to the World Bank. But by devoting its meager treasury and considerable energies to its one natural resource, farm land, most years it does not need to import food. Often there is even enough to export, a rarity in Africa.

Malawi makes a point of paying its debts on time. Its civil service is small, efficient and relatively honest. Its cities are free of squalor.

Yet, the order, food surpluses and political stability have a price: life in one of Africa's most intolerant and repressive police states.

Under Mr. Banda's thumb, Malawi is a closed land, suspicions of foreigners, fearful of the free flow of information. The country has a somnolent quality: people seem covered by the long arm of the state

Banda vowed to make Malawi 'the Denmark of Africa,' and by some measures he has. Most years it does not need to import food, and it pays its debts on time. Yet, it is one of Africa's most repressive states.



Hastings Kamuzu Banda

Mr. Banda controls everything from foreign affairs to agriculture. He commands the only political party, tinkers with the judiciary and censors the news. The current list of banned publications, films and recordings includes Mickey Spillane detective novels and Fidel Castro speeches.

Mr. Banda loathes the foreign press. Government information about him is limited to a one-page official biography. The most authoritative unofficial source, a biography by the British journalist Philip Short, is banned here.

Mr. Banda has suppressed all political opposition. Rivals tend to flee into exile or wind up in jail, where some have died. Talk about who will succeed the ngwazi is forbidden.

"The system doesn't reward initiative or independent thought," a diplomat said. "Any hint of ambition is the kiss of death."

The system has also failed Malawi's most vulnerable people. The country's agricultural "miracle" has bypassed the majority of the rural population, subsistence farmers who suffer some of the highest child malnutrition and death rates in east and central Africa.

After 30 years of rule by Mr. Banda, there is a growing impatience among the relatively small professional class. But, particularly among the highly traditional rural population, this is balanced by a high regard for his authority.

"They have a great respect for him as an elder and president," said a prominent Malawian who, like everyone else here, spoke on condition that he not be identified. "They will not do anything to destabilize him. But they want nature to take its course."

Mr. Banda is expected to hang onto power until he dies. Malawi's constitution says his successor will be chosen by the secretary-general of the ruling party and two cabinet members. But Dick Matejeje, the

party's last secretary-general, died five years ago in a suspicious "automobile accident." The car was found riddled with machine-gun bullets. Mr. Banda later denounced Mr. Matejeje as a "confusionist." He has not been replaced.

When Mr. Banda goes, an era in Malawi will end. There is no political machinery and no precedent to determine what happens after that. When he returned home in 1958 to lead the struggle for independence, Mr. Banda was thought to be at least 60 years old. He had studied and practiced medicine in the United States and Britain for more than 30 years.

The young militants in what was then Nyasaland, a British protectorate, had called Mr. Banda back because they needed a senior statesman to rally around, according to Mr. Short, the biographer.

But when Mr. Banda came home, he outdid his advance billing. He cast himself as the father of his country. He invented Malawi as he went along, infusing the emerging nation state with the power of his indomitable personality.

When he was 16, Mr. Banda walked 650 kilometers (400 miles) from his rural village into South Africa to find a high school to attend. Pursuing his education and his career in South Africa, the United States and Britain, working as janitor, machine oiler and lecturer to pay his way, he never married.

Today, he presides at his several official palaces with the help of his "official hostess," Mama Cecilia Kadzamba, a handsome Malawian of about 50 who once worked as his medical receptionist. Her relationship with the president is unclear, but she is seen as a powerful political figure, and is occasionally mentioned by those outside government as a potential successor.

Mr. Banda repeatedly has denied this. But in 1985, three journalists at the government-owned newspaper were jailed for more than two

years after printing a remark that Mama Kadzamba reportedly made at a United Nations conference on women and development: "Man cannot do without woman." A journalist who protested the arrests was jailed for one month.

Mr. Banda's policies — particularly his defiant embrace of white-ruled South Africa, with which Malawi maintains full diplomatic ties, have earned him disdain in Africa and Europe.

But Mr. Banda considers himself a pragmatist. He once said that he "would make an alliance with the devil" if that would help Malawi.

Abstemious, he preaches against the use of alcohol. He inveighs against sloth and immodesty. He outlawed trousers and short skirts for women and long hair and bell-bottomed pants for men.

Malawi is filled with monuments Mr. Banda has erected to himself. Perhaps the most grandiose of these sits two hours north of the capital, where the savanna rolls back to reveal a \$15 million boarding school called the Kamuzu Academy. Its nickname is "Eton in the bush."

By Mr. Banda's decree, the students, many of whom arrive still struggling with English, must complete several years of Latin and Greek. The faculty is European. Mr. Banda has said African teachers are not yet competent to mold Malawi's future ruling class.

Agriculture is the cornerstone of the "Malawi miracle." Mr. Banda's most conspicuous achievement.

In the 1960s and 1970s, while many new nations were pouring millions of dollars into steel mills and car factories that never turned a profit, Mr. Banda's government spent several years of Latin and Greek. The faculty is European. Mr. Banda has said African teachers are not yet competent to mold Malawi's future ruling class.

Questioning the life president is risky for any Malawian. Those who displease Mr. Banda have been punished with the Forfeiture Act, which allows him to strip any Malawian of all possessions, down to the shoes, if the person is found to have acted in a manner "prejudicial" to the state.

When Mr. Banda does die, there is nothing in the system of government to ensure that his policies survive him, or to protect Malawians from even worse repression.

In Malawi, as elsewhere in Africa, it all depends on the next Big Man.

When economic growth slowed in the 1970s and wars in southern Africa limited Malawi's access to seaports, the country was forced to turn to the World Bank and the International Monetary Fund for help. Owing to the efficiency of its civil service, it quickly became a star pupil of free-market reform.

Mr. Banda recently has moderated his staunch anti-communism, and his once frosty relationship with the Marxist government of neighboring Mozambique has improved.

But the limitations of one-man rule are evident. Malawi has one of the highest rates of child malnutrition and child death in the world.

According to Malawian dissidents, thousands of educated Malawians have fled the country seeking greater freedom, as well as greater economic opportunity.

Agricultural and health specialists say senior Malawian officials have recently begun to acknowledge the extent of the child malnutrition problem.

But now that international donors are poised to give money to help solve the problem, there is a second difficulty. Years of dictatorship have left a power vacuum at the top levels of most government ministries, these sources say. Senior civil servants in the Agriculture Ministry are reluctant to raise the malnutrition issue with Mr. Banda.

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EC Assembly Set for Visit By Arafat

The Associated Press
STRASBOURG, France — Yasser Arafat, chairman of the Palestine Liberation Organization, begins a two-day visit to the European Parliament on Tuesday.

The visit comes six weeks after King Hussein of Jordan relinquished his claim to the Israeli-occupied West Bank, the scene of a nine-month-old Palestinian uprising, giving new impetus to the PLO quest for self-determination.

A PLO official in Brussels, who asked not to be named, said it was unlikely that Mr. Arafat would make a "historic statement."

But, he added, he might tell the members of parliament that the quest for an independent Palestinian state topped the agenda of the Palestinian National Council, which is to meet in either Tunisia or Algeria next month.

The council is considered the Palestinian legislature-in-exile.

Mr. Arafat's visit has been condemned by Jewish groups, which plan to march on the parliament building in Strasbourg. Pro-Palestinian groups also plan to demonstrate.

Mr. Arafat was invited by the 172-member Socialist group, the largest in the assembly of 518 members from the 12 European Community nations.

He will not address the parliament but rather its Socialist members, and other interested members, in a conference room.

The invitation gives Mr. Arafat a chance to state his views on the future of the Palestinians in a respected international forum.

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Hong Kong Strains to Live With the Refugees Nobody Wants

By Barbara Basler
 New York Times Service
HONG KONG — The 23 Vietnamese children, neatly dressed in white shirts and blue shorts, the uniform of the old makeshift school to their refugee camp, stood out from the Chinese children, who were dressed in the proper orange uniforms of the Cho Yiu Chuen Primary School.

Last week, a small group of refugee children was allowed to attend a local Hong Kong school for the first time, and the furor surrounding their enrollment was so intense that the government backed down from its original plan to enroll 58 other refugees there.

The Vietnamese children, well scrubbed, smiling and eager, were born in a Hong Kong refugee camp and speak perfect Cantonese, but the Chinese viewed them warily.

One mother said she was afraid the refugee children, who are no more than 7 years old, would form gangs and "beat up the good Chinese children."

Hong Kong parents reacted so angrily to this small bit of integration that there are now real fears about how residents of the colony, 98 percent of whom are ethnic Chinese, will handle a new plan to permit thousands of refugees to move about the community more freely.

The growing bitterness of the local population comes at a time when the government is under pressure from international relief organizations and even some consulates to improve its treatment of the more than 25,000 refugees who have come to Hong Kong from Vietnam in search of a better life.

While the recent influx has begun to taper off, the colony is still

struggling to deal with the huge numbers of Vietnamese who have arrived in the last few months.

The British colonial government, embarrassed by recent charges that Vietnamese in its care have been beaten, abused and housed in quarters that are unfit for human beings, has decided to step up what it calls its liberalization of the refugee camps.

While maintaining its "get tough" policy of confining all refugees who arrived after June 16 as illegal immigrants, the government said last week that it would soon make good on its promise to treat the Vietnamese who have been classified as refugees less like prisoners.

Today, 9,300 Vietnamese are illegal immigrants held in detention centers, while 13,500 are refugees locked away in prison-like closed camps, patrolled by guards. The remaining 2,600 arrived before the closed-camps policy of 1962, and live in open compounds, with access to the community.

Last week, the government not only revealed plans to phase in new freedoms for the refugees in closed camps, it also opened its most notorious camp, the San Yick factory building, to reporters.

To convert a refugee camp into a detention center for illegal immigrants, 4,000 refugees, including 1,000 children, were moved into the 12-story factory building in August.

They were left locked inside the building for five weeks, even though relief workers reported that there was an acute shortage of fresh water for drinking and bathing, and the floors of the living quarters were constantly awash in raw sewage from family toilet pipes.



Some of the 4,000 Vietnamese refugees who have been housed in a factory building by the Hong Kong authorities.

Conditions at San Yick were so appalling, diplomats said, that several Western consulates privately approached the government about improvements there.

"The place was awful," a refugee worker said. "Hot, crowded, smelly, dirty, dangerous. I think the government realized that San Yick should never have been allowed to happen, and they are now trying to correct the situation."

Refugee workers say the factory building will never be fit for human beings, but water and sewage problems have improved, and while there is still no outdoor area for the refugees, relief agencies have begun to arrange supervised outings for small groups.

Government officials, who would give no specific date, said that soon Vietnamese in closed camps would be allowed to take jobs in the community and come

and go from the camps on their own.

Officials said that for the most part, separate schools and medical installations would still be maintained for the refugees.

Some Hong Kong Chinese have vowed to hold hunger strikes and rallies when the government begins to lift its restrictions on the refugees.

Despite a severe labor shortage,

top union officials have said they would block moves to employ the Vietnamese.

Meanwhile, concern is growing for those who have been classified as illegal immigrants and placed in detention centers, awaiting eventual return to Vietnam.

Representatives from three refugee and human rights organizations are scheduled to arrive in Hong Kong next week to inspect the detention centers.

New Era For Burma, but Web of Power Must Be Untangled

By Seth Mydans
 New York Times Service

BANGKOK — Although the Burmese government has scheduled general elections, as a leading opposition figure did separately a few days earlier, it is the people in the streets, where political power now seems to be, who will decide whether the elections can proceed.

There were growing signs that the opposition would not accept elections administered by the ruling party, as scheduled to be held within three months under a deadline set by the People's Assembly on Sunday.

Whether or not the election is

held as President Maung Maung announced it, and whether or not his party, with its access to government funds and military support, prevails in any vote, its monopoly

NEWS ANALYSIS

on power appears to have come to an end.

After 26 years of peremptory rule by Burma's single party, nationwide street demonstrations over the last month have led to a dramatic shift in power, to the amorphous and mostly leaderless masses of demonstrators.

The disorganization and lack of focus of the protests contribute to

their strength as a genuine mass movement.

But it is also their vital weakness, offering no immediate alternative leader or organization to challenge the government.

Several figures have emerged to address rallies and issue statements, but so far none has managed to seize for himself the power of the streets.

When one of the most respected of these figures, the former prime minister U Nu, announced formation of a rival government last week and set elections for Oct. 9, he appeared to have been mostly ignored by the demonstrators.

"There is a sense that the students want a return to democracy,"

at the moment, it remains possible that the future leader of a new Burma is a man or woman whose name is now obscure.

The demonstrations are not entirely unorganized, however, and it appears that the students whose protests ignited the popular uprising remain, as much as anyone, its leaders.

Little is known about these student leaders or about the extent to which the scores of student groups have joined together. Their agenda is unclear beyond the expulsion of the ruling party.

"There is a sense that the students want a return to democracy,"

said a diplomat in Rangoon, "but not a return to the 1950s." It was in the 1950s when the military began to assume power.

Retreating in the face of the demonstrators, whose momentum has not been affected either by government concessions or by the guns of its soldiers, U Maung Maung acknowledged the new balance of power by announcing Saturday that the one-party state and schedule multiparty elections.

That announcement is likely to have profound effects on most areas of Burmese life, which has been permeated for the last quarter-century by the organized control of the ruling Burma Socialist Program Party.

The party, formed a year after U Nu seized power in a military coup in March 1962, grew to more than 2.2 million members, with local units in all townships except those controlled by the ethnic insurgents in the hills.

Even today, more than six weeks after he resigned from office, it is widely believed that U Nu, who is 77, continues to dominate the party and retain the loyalty of military commanders.

Most of the party organization is

controlled by the armed forces, with all but two members of the cabinet coming from the military and retired officers making up 70 percent of civil servants around the country.

Clearly, any new political leaders would have to reach an accommodation with the army to be able to assume and hold power.

With separate organizations for children, youth, peasants, workers and even Buddhist monks, the ruling party had held society in its grip.

According to U Aung Gyl, a participant in the 1962 coup who is now a leading opposition figure, U Nu "believed that even the sale of mutton kebabs sticks should be handled by the government."

The party's "Burmese way to socialism" — a military dictatorship whose stated philosophy was a blend of Buddhism, Marxism, isolationism and militarism — succeeded in turning the world's leading rice exporter into one of its beggars.

Its people, cowed by a pervasive secret police and mollified by what was until recently a steady supply of minimum levels of rice, suppressed their anger until the explosion of demonstrations and military violence last month.

Now, with the once all-powerful party in retreat, the people's rejection of it seems complete.

Lee Won't 'Override' Next Singapore Leader, Even in Crisis, He Says

By Michael Richardson
 International Herald Tribune

SINGAPORE — Lee Kuan Yew, the dominant figure in Singapore politics for nearly 30 years, has said firmly that he will not retain power to intervene in a crisis after he steps down as prime minister in about two years.

Mr. Lee, who will be 65 on Friday, said in an interview that his successor, Goh Chok Tong, would have full authority when he took over as head of government, though Mr. Lee will remain a cabinet member.

"There's to be no more override" after Mr. Goh, 46, becomes prime minister, Mr. Lee said.

"Once he's got the buttons, they are his," the prime minister said. "His has to press them."

It had been widely expected in Singapore that Mr. Lee, who has been prime minister since 1959, might retain power to take control in a crisis after he resigns.

The Singaporean leader has said repeatedly in recent years that he intended to make way for a younger man. But this was the first time that he had been so specific in public about the limits on his future power.

The Lee government, which at times has ruled with an authoritarian hand, is widely credited with having given Singapore one of the highest living standards in Asia.

Mr. Lee did not dispute that some younger Singaporeans wanted a change in the style of government, and he said he wished the new leaders luck.

But, he added, "There are times when you have to act quickly and decisively."

"If you want men with principles," he said, summing up his approach, "you must destroy men without principles."

Mr. Goh, who is first deputy prime minister, said Saturday that Mr. Lee would not become the elected president of Singapore but would remain in the cabinet to advise the government.

He said that while Mr. Lee would remain as prime minister for up to two years, "I shall be setting the pace and direction for Singapore" in that period.

Mr. Lee confirmed Sunday that the "initiative, the pace and the direction" of the government were in the hands of Mr. Goh and his team of ministers.

Since 1964, Mr. Lee has left the administration of Singapore and much of the policy-making to younger members of the cabinet, most of them in their 30s and 40s.

On Saturday, Mr. Goh announced a new but largely unchanged cabinet. A week earlier, the ruling People's Action Party scored a landslide victory in general elections, winning 80 of the 81 seats in Parliament.

But several opposition members came close to defeating candidates of the ruling party, and the government's share of the vote slipped slightly, to 61.8 percent from 62.9 in December 1964.

Mr. Goh said the vote percentage might reflect the desire of some Singaporeans for a stronger opposition.

He said he would "make a conscious and systematic effort to reach out to Singaporeans, to persuade them to our point of view."

"I will allow them to express their differing views freely, but in a constructive, channeled manner," he said.

Despite promises of more open government, there is little likelihood that official controls on news organizations will be eased soon.

Analysts said that Mr. Goh and other ministers agree with Mr. Lee that Singapore's multiracial society without natural resources, is an essentially volatile and that it must maintain social discipline and political cohesion if it is to continue to prosper.

In the interview Friday, Mr. Lee said there would be a difference in the style of government when he stepped down, but "in the substance of policies, the differences may not be so great."

"There will be a more tolerant, more accommodative government, accommodative of all points of view," he said.

He said he had some reservations about this method of running Singapore, but that he believed the choice of Mr. Goh as the next prime minister was the right one.

Mr. Goh is a former chief executive of a shipping line owned by the Singapore government.

Mr. Lee said that his future role had to be carried out in a way that did not cramp Mr. Goh "but, at the same time, will allow me to make a contribution at critical moments."

The aim, Mr. Lee said, was to help Mr. Goh politically.

Mr. Goh "can administer Singapore as well as I can," Mr. Lee said. "But he added that to do so "with political savvy, so that, at the end of the day, the vote comes out right — that's different."

Along with the opposition member elected to the new Parliament, two other opposition candidates will take seats despite their defeats at the polls.

Francis T. Seow, a former solicitor general of Singapore, said that the opposition Workers' Party had accepted a government offer to provide him and another opposition candidate seats in Parliament. They would write formal letters on Monday accepting the offer, he said.

Under a 1964 constitutional amendment, up to three defeated opposition candidates may take seats as nonconstituent members of Parliament if seats are not won by opposition candidates. Nonconstituent members can participate in parliamentary debates but have no vote on major issues.

Mr. Seow was arrested in May on allegations that he conspired with U.S. Embassy officials to encourage some Singaporean lawyers to run against government candidates in the recent election.

He was released in July after signing a sworn statement claiming that the United States had tried to arouse anti-government sentiment.

North Korea Let Hijacker Go

By Fred Hiatt
 Washington Post Service

TOKYO — A North Korean spokesman here acknowledged Monday that his government had permitted a Japanese Red Army hijacker to leave North Korea, saying North Korea "respects the hijackers' basic human rights."

The hijacker, Yasuhiro Shibata, was arrested in Tokyo on May 6 and charged with carrying a false passport. The police in South Korea and Japan are convinced that his travels may have been related to possible sabotage of the summer Olympics, which begin in Seoul on Saturday.

The North Korean representative, Pak Jae Ro, said that his country, which is boycotting the games, does not support the Red Army and will not disrupt the games. He said that if any "shocking incidents" take place, they will be the work of South Korea or the United States.

The Games are expected to draw more than 13,000 athletes and officials from 161 countries.

He also said he does not know how many other Red Army members have left North Korea. Nine members hijacked a jetliner to North Korea in 1970.

Mr. Pak's comments came as the Kyodo news service reported that the police in Seoul had intensified security checks around the Olympic sites in response to reports that three Red Army terrorists had entered South Korea under false passports.

The South Korean police have said that they believe no Red Army members have entered Seoul. But the police in Tokyo and in Seoul have also acknowledged that they do not know the whereabouts of all members of the organization. The police have linked the group to the bombing of a U.S. servicemen's club in Naples in April that killed five persons.

The Games are expected to draw more than 13,000 athletes and officials from 161 countries.

South Korea suspects the North of having planted a bomb in Seoul's airport just before the 1986 Asian Games, killing five persons, and of masterminding the midair explosion of a Korean jetliner carrying 115 people over Burma last November. North Korea has denied the accusations.

South Korean officials hope that the presence of Chinese and Soviet teams in Seoul will deter any North Korean sabotage. Both countries are allies of the Communist North.

The Japanese Red Army took responsibility for several bloody hijackings and airport attacks around the world more than 10 years ago, but has been quiescent until recently.

"Our government respects the hijackers' basic human rights," Mr. Pak said. "If they want to go out, they can go, and our government is not going to stop them. And our government didn't know where Shibata was going and what he was going to do abroad."

Threat to Olympics

The South Korean police said Monday that radicals had threatened a massacre at the Olympics and that an Iranian who tried to sneak into the athletes' village was deported, Reuters reported from Seoul.

The police said that a previously unknown group had warned that it might carry out an attack similar to the Palestinian commando raid on the 1972 Summer Olympics in Munich, in which 17 persons died, unless North Korea is allowed to jointly stage the Games.

The threat was contained in a letter signed by the "Crusade of Mudungsan," and sent to the International Olympic Committee in Lausanne, Switzerland, last month. Mudungsan is the name of a mountain in South Korea.

The police would not say whether the Iranian, Ghaflani Siamak, 26, was suspected of having terrorist connections. Officials on the Olympic organizing committee said he was interrogated for two days after being arrested at the Olympic village for posing as a member of the Iranian wrestling team. He was deported to the United States on Monday.



Hossain Mohammed Ershad

President Fears Bangladesh Faces 'Donor Fatigue'

By Reuters

DHAKA, Bangladesh — Bangladeshis will have to live with disastrous floods for years and millions could die if foreign aid donors grow tired of coming in the rescue every time, President Hossain Mohammed Ershad said Monday.

"I do hope there won't be any donor fatigue, because this calamity is not of our doing," he said at a news conference.

In an appeal to donor nations, he said: "We will have to bear the brunt of flooding for the next few years. So please don't get tired."

He said Bangladesh still had food stocks to last for three months and would not suffer a famine after the floods, which have killed at least 900 people and made 30 million homeless.

"Our resources are limited," he said, "but I can tell you, nobody in this country will die of hunger and there will be no famine."

He said he had proposed a meeting of experts from China, Bhutan, India, Bangladesh and Nepal to examine the problem of seasonal flooding.

When you are opening up new possibilities... The Gold Card

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

A Mixed Gulf Report

The U.S. Navy played a critical role in ending the Iran-Iraq war. By blocking Iran's move to intimidate Iraq's allies in the Gulf, it reinforced the stalemate that led Iran to the negotiating table.

port stayed at constant distance. As on the Stark, very expensive, fancy electronics failed to help. Cheap, effective equipment that would have saved the day was not available or was misinterpreted.

A Bad Textile Bill

Disgracefully, but predictably, the Senate passed the bill to give American textile producers more protection from foreign competitors. The Senate also passed an amendment to everyone who doesn't work for the textile companies.

crats Richard Gephardt, the candidate who most explicitly blamed the foreigners for the trade deficit, was the biggest loser. Perhaps that is another question for the senators.

Other Comment

Deafening Silence on Iraq

The silence of Britain and the rest of the European Community in the face of overwhelming evidence that Iraq has been using chemical weapons to crush its Kurdish minority grows more deafening each day.

the spurious claim that his dictatorship has the benefit of a popular mandate. For a people whose democratic institutions have been unjustly suspended for the past decade and a half, the October plebiscite is an unprecedented opportunity to say "No."

Chile: A Chance to Say 'No'

The Chilean voters do not have a soft option. If they vote against General Augusto Pinochet, they will be opting for an uncertain future. There can be no guarantee that the military will relinquish power.

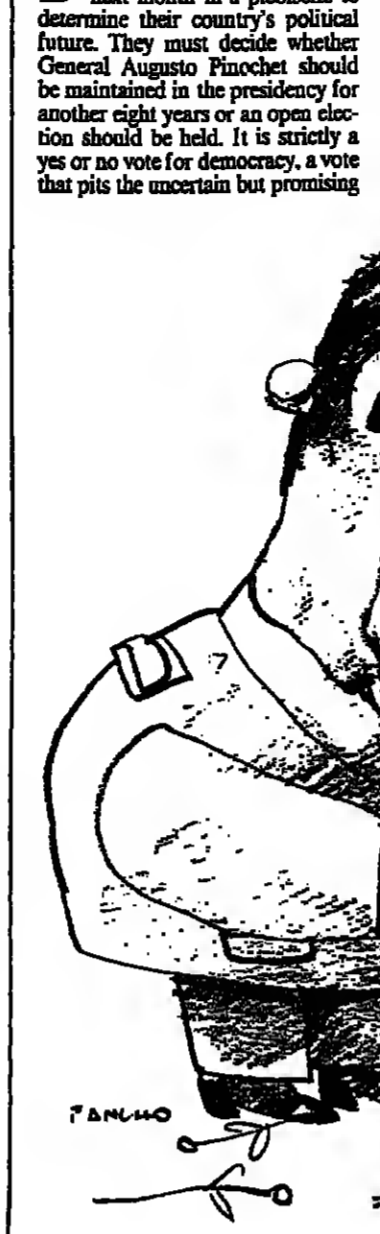
It Was Once a Great Idea

The truth of the matter is that in the space of 34 years the Nonaligned Movement has become very aligned. Or at least some of its members, like Cuba and Vietnam, have. What was originally a great idea, a viable foreign policy option for small nations, has been reduced to a platform for rhetoric.

OPINION

Dilemma for Chileans: Freedom or More Pinochet?

By Richard W. Fisher



DALLAS — Chileans will vote next month in a plebiscite to determine their country's political future. They must decide whether General Augusto Pinochet should be maintained in the presidency for another eight years or an open election should be held.

East-West 1988: Nowadays Even the Generals Are Talking

By Jim Hoagland

PARIS — Vladimir M. Lobov met his first American recently. Awkward and reserved at first, he soon was speaking comfortably and frankly about his concerns and aspirations.

peace has become too important to be left to the diplomats and politicians. Turning the old French dictum about war on its head, Soviet and American generals and admirals are beginning to talk to each other directly about arms control and its operational implications.

Sometimes the Lesson of Munich Has Been Learned Too Well

By Chalmers M. Roberts

WASHINGTON — Fifty years ago this month I was on the beach at Waidkiki, waiting to see whether a meeting half a world away in Munich would decide on peace or war.

all the way back to Armistice Day of World War I; a boy standing amid the cacophony of horn and siren signaling the end of that war "to make the world safe for democracy."

A great deal of all this, I believe, Bush has absorbed and understands.

Dukakis seems almost totally unaware.

phony promises, proclaiming "peace in our time." Mr. Daladier was equally cheered in Paris. Those democracies, drained by World War I, had fallen into pacifism.

consider Mr. Bush and Mr. Dukakis with Munich in mind. Stalin's Red Army ended up pretty much along what Churchill would call the Iron Curtain dividing Europe geographically, as it does today.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1978-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

100, 75 AND 50 YEARS AGO 1888: German Fleet BERLIN — The two days' manoeuvres of the German fleet, the presence of the Emperor, were ended at noon today [Sept. 12] by a fight in the river Jade, which is considered to have proved that Wilhelmshaven, the chief naval port of Germany on the North Sea, is impregnable.

OPINION

Miffed by Your Candidate? Relax, Nobody's Perfect

By William Safire

WASHINGTON — What do you do when the candidate you support takes a position you don't like? Conversely, what do you do when the candidate you oppose takes a stand you admire?

This produces a jangling in our heads that Leon Festinger, a social psychologist, called "cognitive dissonance." To reduce it, we have three choices. Option One is to switch — and some issues, like abortion and gun control, are "switchers" to some voters. Or we can shrug and walk away from the need to choose, like the proverbial old lady who says, "I never vote, it only encourages them."

Or we can take Option Three, adopting the philosophy that undergirds the two-party system: stick with our original choice and put on a button proclaiming "Nobody's Perfect." When George Bush was asked why he did not reject the support of a Republican congressman who disagreed with his opposition to federally funded abortion, he countered: "Who's going to have a litmus test — that everybody has to agree with everybody on every single issue?"

Not Very Much Difference Between Them

THE only areas where there are probably real differences between Michael Dukakis and George Bush are on legal and judicial policies. From the time he was a student and defended the right of a radical to speak on the Swarthmore College campus, Mr. Dukakis has been a civil libertarian, while Mr. Bush has made the American Civil Liberties Union one of his favorite targets.

"Where was Teddy?" and was ready with the self-righteous answer, "I was home with Barbara," that displayed a quality of petty vindictiveness that might be dangerous in a president.

Take the position on Israel's capital. The candidate I presently prefer sticks to the State Department line of not moving the U.S. Embassy from Tel Aviv to Jerusalem because it would offend the Arabs. Michael Dukakis, however, sensibly advocates moving the embassy to the capital city of America's ally, as the America does with every other country it recognizes. My hat is off to the Duke on that promise, even though I suspect he would waver if elected.

That is only the beginning of my cognitive dissonance. George Bush, now that he is ahead, is adopting a Flying Rose Garden strategy, ducking interviews. Worse, his campaign has been taking cheap shots at the American Civil Liberties Union, which leads me to believe he would extend the intrusive "lie-detector" mania to enshrine secrecy — the most offensive legacy of the Reagan administration.

And what about the vice-presidential choice? While I have never joined the media chorus railing at Dan Quayle, I cannot deny that Lloyd Bentsen is an experienced conservative better prepared to step into the presidency should the need arise.

Well, what about the unthinkable — the dread Option One (gulp) — switch-



ing? There stands Michael Dukakis, who has just come down on both sides of both big defense issues. On modernization of U.S. missiles, he is now for it — but not for the two available missiles. On "Star Wars," he would be willing to deploy the space defense if he and the Congress thought it wise — but not if it contravened the ABM Treaty, which he thinks it does. That is plain silly; the Duke's material breaches are falling down.

And there on the front pages was the first great opportunity of the Democratic campaign: the forced exodus of the Kurds by Iraq's sadistic leader, Saddam Hussein, including the use of poison gas on innocents. The world was silent, the Reagan administration incensably dithering, the need for a moral voice urgent. What did the challenger, who demands we become a beacon of human rights, have to say?

Sorry, genocide is not his department. It was left to a fellow Democrat, Senator Claiborne Pell, the chairman of the Senate Foreign Relations Committee, to

come up with a bill to threaten the killers with economic sanctions and to send an observer to the scene; Mr. Dukakis remains paralyzed, perhaps worried that ending grain subsidies to Saddam Hussein might cost votes in Iowa.

That makes George Bush look better. His campaign looks better still to this old Nixon hand because The Washington Post — above the fold and below the belt — slammed a Bush aide, Fred Malek, for the sin of having received nutty memos in the Nixon White House.

The jangling inside the heads of conservatives is reduced by the inability of Mr. Dukakis to exploit our dissatisfaction, and by what strikes us as the baying of media hounds. Each one of us comes to realize that our candidates cannot be our clones. Thus, Option Three — "nobody's perfect" — stabilizes democracy, lessens cognitive dissonance, and makes us rather bear those ills we have than fly to others we know not of.

The New York Times

Of Stone Faces and Snarling Queues

By Enid Nemy

NEW YORK — Sometimes you can't win. That is to be expected, but the no-win situations seem to be coming with increasing frequency.

No matter how agreeable you are, no matter how winningly or openly you smile, no matter how pleasant and sincere your "Good morning" is, no matter how you try, you are met with a stone wall.

Well, not really a stone wall, a stone face. You are a nonperson, a bit of bothersome flotsam on the landscape. The

Recently, he gave up a dry cleaner he had used for some years, although the shop was near his apartment and the work was superb. "I always said 'Good morning' or 'Hello' and never got a response," he said.

"One Saturday, I couldn't tolerate it any longer. I said to the woman at the counter, 'You never seem to respond.' It was as though I was invisible. There was still no response. I changed cleaners. It's a degrading way to be treated."

He said he was tired, too, of saying "Thank you" and having the words fall into a vacuum. "There should be some kind of immediate response," he said, "if it's not spoken, it could be a smile."

One woman said that the attendant at the lobby desk in her elegant and expensive building rejected any vestige of personal contact. "When I inquire if a parcel has arrived for me, he asks my apartment number," she said. "I give him my name but he refuses to use that for identity — he again asks my apartment number."

"This is a man who has been there at least five years, but who refuses to learn or use names. I've now adopted a policy of not saying 'Hello' or 'Good evening' until he acknowledges me in some way."

On the other hand, there are people like Mary Anne Symons Brown who dearly love to be ignored.

Mrs. Symons Brown, who owns her own communications consulting business, said that is one of the reasons she came to New York. It is a lot different from Allentown, Pennsylvania, she said, where she grew up.

"I remember when I was in my teens and I was in a store trying on a coat and a woman came over to me and said 'I think your mother would like that one,'" she recalled. "I had never seen her before. I said, 'Who are you?' and of course, she knew my parents."

Which is why, she said, she doesn't mind in the least if she is not remembered or acknowledged, even if she goes into the same place constantly. The problem is, it doesn't happen often enough; but when it does, she sort of enjoys it.

The New York Times

Sudden Peace in Selected Nests

UNACUSTOMED peace has settled on selected households across America. The last fledglings have flown or, more likely, been driven off to college, complete with the statutory two wall posters each and electronic means to amplify what it is that they call music.

These members of the class of '92 have left, and left behind the empty nesters. "If I pay cash, I show the change into my pocket instead of putting it in my wallet, so that I don't delay the line."

"I go to movies early so that I can sit on the aisle — if I want to go out during the show, I don't have to trip over people. It's self-preservation. I hate being yelled at and it saves me a lot of aggravation."

It is also possible to avoid nonrecognition, or what Herbert Rickman refers to as "forced anonymity," but it is not as easy. Mr. Rickman, a special adviser to Mayor Edward Koch of New York, said he had reached the point where he was willing to put up with a certain amount of inconvenience rather than tolerate being treated as a nonperson.

For years they said, or were able to say: "I can't. I have kids." Now they're once again responsible for their own lives. Our advice to these newly returned is to start off slowly — read a book or two, see a movie — and work up only gradually to the higher-oxygen stuff like theater and travel. But the more adventurous may want to do it the other way around.

If the returnees can't quite shake the empty feeling, they should take heart. It's already almost mid-September; soon the Olympics will be on television. In October they can make up for all those years of neglect of the front yard. Before they know it it will be November and Thanksgiving and the pile in the front hall will return. By then they will probably be used to having the hall clean, and — first sign of recovery — they may feel a different kind of ambivalence.

The Washington Post

LETTERS TO THE EDITOR

Help Stop Crimes Against the Kurds

William Safire's "A Classic Case of Genocide. Yet the U.S. Merely Clacks" (Opinion, Sept. 6) is appreciated. It makes one feel that the Kurds do have some good and helpful friends in a time like this.

The Hitler of Iraq, Saddam Hussein, has tried by all military means to wipe out the Kurds. Now, after murdering thousands of innocent people, he is offering an amnesty for the Kurds to return home.

Do they have homes to return to? One wonders, in view of attacks such as those on Halabja, where Iraqi fighter-bombers dropped poisonous gas in March, killing 4,000 and wounding thousands more. Is it international pressure that inspires the amnesty offer, or does Saddam Hussein want to bring back those who fled his barbarism so that they can be punished?

The Halabja massacre was not even condemned by the Islamic Conference Organization at its meeting in Amman. At the time, the Arab world was hysterical about others hit by rubber bullets in the West Bank.

The world should intervene by all means to stop the genocide of the Kurdish people.

MUMTAZ ALMUFY, Vienna.

I salute Mr. Safire for his ringing denunciation of Iraqi massacres. Those who want to protest this genocide and help the beleaguered Kurds can do so through contributions to the Institut Kurde, 106 rue Lafayette, 75010 Paris.

SUSAN GEORGE, Lady, France.

It was gratifying to read Jim Hoagland's opinion column "Facing Butchery, America Tries Meekness" (Sept. 8). Unfortunately, the



outcry from the press has been nearly as meek as the protests from the U.S. government.

There is little hope either for humanitarianism or for international law if the United States, for reasons of preserving its political influence, refuses to respond properly to such blatant and continuous violations of international law.

PAUL BELOPOLSKY, Paris.

Why does William Safire shed tears over the Kurds but say nothing against the killing of Palestinians by Israel? He suggests that the United States could send stinger missiles to the Kurdish guerrillas. Perhaps it should also provide them to Yasser Arafat, to stop Israeli air raids on refugee camps in Lebanon.

NAZAR AL AMIR, Pampigny, Switzerland.

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Names and the Games in Seoul

International Herald Tribune PARIS — The big names in luxury goods are limbering up for the Olympics. The struggle in Seoul will not be just between competing athletes. It is also a trading battle between France's "images de marque" — the corporate image and logo — and the counterfeiters who have made South Korea a prolific breeding ground.

In his Paris office, Bernard Lehmann, vice president of Chanel, keeps the tools of illicit trade: a board of fake Chanel bags, earrings entwined into the famous double C, fake watches, fragrances, make-up and even a belt that Lehmann received in Seoul as a carrot for buying a "Chanel" bag.

In June, Lehmann made his sixth visit to Seoul, and used Chanel fakes — sold by 40 different merchants — to persuade South Korean officials to take the problem seriously.

"For the first time we were able to pursue diplomatic channels and get the French ambassador to make an official protest," says Lehmann. "There will be 250,000 visitors to Seoul for the games this month. How can they take South Korea seriously as a trading nation when at the exit of the international airport the first things on sale are counterfeit Chanel bags?"

Tourists and visitors to Southeast Asia, rather than the striving locals, are the people who support the illegal trade. The logos affected include Louis Vuitton's signature luggage; Cartier's leather goods, jewelry and especially watches; Yves Saint Laurent and Ferrarri sunglasses, and pirate Lacoste crocodile emblems wriggling across downmarket polo shirts.

"Counterfeit is theft pure and simple and I fight theft," says Alain Dominique Ferrarri, president of Cartier International. "No one has the right to take over the work of a team of people who, over a number of years, have contributed to a company's reputation."

To increase public awareness, Cartier started a worldwide campaign of destroying the fakes, using a steamroller to crush counterfeit Santos, Tank and Panthere watches from London to California.

Lehmann, who runs a team of five, with a computer and ancillary staff, to counter the problem, agrees that faking is stealing.

"We spend millions on publicity and that is being stolen," he says. "The loss of direct revenue is not really so significant, because we are not talking about the same clientele. For every 1,000 who buy a fake, would one buy the real thing? But we are talking about a loss of jobs and the real problem of diluting an image, because a product loses status once everyone is using it."

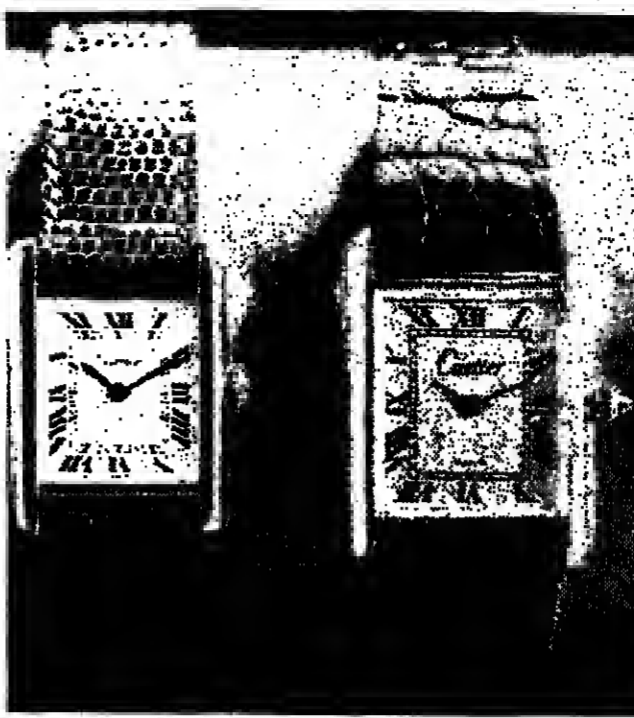
In March of this year, Henry Racamer, president of Louis Vuitton, set up the Committee for the Fight Against Counterfeiting (COLC), a Geneva-based organization that grew out of a pressure group he had previously established. Vuitton spends 2 percent of its annual turnover on protecting its name and logo, and Racamer cites merchants in South Korea and Thailand (along with Turkey and Morocco) as principal offenders. The problem in South Korea is that any sanctions, if applied, are "not commensurate with profits from illegal products."

COLC estimates that counterfeiting accounts for 3 to 5 percent of world trade or \$70 billion annually. It also leads to job losses of 130,000 a year in the United States, and 100,000 in EC countries, 20,000 in France alone. The new organization includes Alain Thierri of France's Inn established l'Union des Fabricants, which takes up the legal battles.

The purpose of COLC is to coordinate action against counterfeiters and pursue them through the courts; to work on the spot (especially in Southeast Asia) with local authorities, and to cooperate with all agreements set up by the General Agreement on Tariffs and Trade, the body that governs international trade.

Seoul and the Games is the target for this year. But COLC members also have their eyes on 1992 and the problem of counterfeit goods circulating freely round Europe.

There is also a need to capture the hearts and minds of the people who now buy counterfeit goods, usually at a 10th of the regular price. "Does the consumer have such a low opinion of himself that he doesn't feel devalued by buying and using fakes?" asks Henry Racamer. The public, as purchasers, are as much in the wrong as suppliers, says Lehmann. This grey area of public morality he describes as



A genuine Cartier watch, left, and a counterfeit. Real Chanel dress and accessories, at right, status symbols for the Nouvelle Society.



A woman wearing a Chanel dress and accessories, status symbols for the Nouvelle Society.

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Eric Clapton: Survey at the Crossroads

By Mike Zwerin International Herald Tribune

PARIS — Also known as "Old Slowhand" and "God," Eric Clapton once said: "My philosophy is that you can reduce it all down to one note if it's played with the right feeling and sincerity. The better musician you are the less notes you play."

A similar philosophy has been followed by Miles Davis, a.k.a. the "Prince of Silence." The best jazz players, like painters, learn how to use space as they mature. In rock, however, space is generally defined as not enough energy, and to be dubbed "Slowhand" as a mark of approval in a form which thrives on speed, is a unique compliment. True, there are exceptions in both directions. Some respected jazz players repeat fast-and-high crowd-pleasing licks ad nauseum. Steely Dan and Dire Straits knew how to use space but they lacked staying power. Clapton, for 25 years, has been no stranger in a paradise where integrity, quality and the mass market coexist. Earlier this year, Polydor released "Crossroads," a recapitulation of Eric Clapton's songwriting/singing/guitar-playing career on four compact discs, 73 tracks, close to five hours of music, which is now at the top of Billboard's CD chart. Its release might lead us to suspect that the hyperbolic nut who first wrote "Clapton is God" on a London wall was not that much off his rocker after all.

While attending the Kingston College of Art in his native England, Clapton discovered folk music and played Ramblin' Jack Elliott tunes in pubs on Saturday nights. After he heard records by Muddy Waters, Howlin' Wolf and Robert Johnson (composer of the song called "Crossroads"), he began to feel that "the blues are capable of expressing every angle of emotion." He left the



Portrait of Eric Clapton by Ronnie Wood, guitarist for the Rolling Stones.

Yardbirds because he felt their success was based on abusing the blues. Everything ever since — sort of ironic ("Anyone for Tennis"), reggae ("I Shot the Sheriff") and romance ("Layla") — has been blues-based. There is commitment, continuity, substance and growth on this collection, starting with John Lee Hooker's "Boom Boom" by the Yardbirds (1963) through John Mayall, Cream, Blind Faith, Delaney and Bonnie, Derek and the Dominos and (increasingly as he came out of the other side of chemical abuse secure enough to stop hiding

behind pseudonyms and other leaders) under his own name, ending with a 1987 version of J.J. Cale's "After Midnight." An eight-minute live performance of the title song at Fillmore East, the acoustic guitar duo (with Duane Allman) version of Walter Jacobs' "Mean Old World," both in 1970, and everything by Cream rate special raves.

A sort of Mats Wilander of rock, Clapton's force rests on basics that are constantly refined, a consistently increasing vocabulary, spectacular lack of spectacle, fresh inversions of substitute chords in the right places, old riffs renewed through subtle dynamics, discretionary use of vibrato and wah-wah, exquisite choice of notes, suspense-building spaces. Audiences have been known to applaud one sincere note by Eric Clapton like they applaud a silence by Miles Davis. The eyes of discriminating Thelmonious Monk-freaks light up listening to Eric Clapton.

Scene shift: Interior, midnight, the early '80s, a large studio on the outskirts of London. After three days of rehearsals and a televised concert honoring the 50th birthday of the "father of English blues," Alexis Korner, the party itself is just beginning. As the first drinks are poured, Clapton jams with a drummer on the stage. Two jazz hornmen from Korner's band unwind nearby. Jazz Hornman One (sounding): "Surely we're not expected to jam. I mean, the gig's over, right?"

Jazz Hornman Two (surly): "They always expect you to play for free."

They look at each other, wondering how they have allowed themselves to become trapped in such a loveless "professional musician" number.

Jazz Hornman One: "You know, actually, I'd love to play with Eric Clapton."

Jazz Hornman Two: "So would I."

Moscow Paves Over Red Square's Past

By Esther Fein New York Times Service

MOSCOW — A chapter of Soviet history was covered up as Soviet officials decided that discoveries of the past had to yield to the needs of the present. Hundreds of people standing outside the Kremlin walls watched last week as cobblestones were laid over an archaeological trove that was discovered about a month ago, during road repair work around Red Square.

Archaeologists and historians were stunned in late July when workmen unearthed the remains of several wooden houses that had been standing a hundred years before Danil became the first prince of Moscow in the late 13th century. They were equally surprised when the Soviet Council of Ministers decided that the passageway between the History Museum and the Lenin Museum was essential to traffic in Red Square — particularly to the annual November parade commemorating the revolution of 1917 — and that the site would have to be closed up after only five weeks of study.

"It is very sad," said Sergei Z. Chernov, chief of the Moscow archaeological organization overseeing this project. "Works of such importance and scope have not been found here in Moscow for many, many years, and now they are to be covered with cobblestones. This is indeed a very big dilemma: How do we preserve the function and still conserve history?" Soviet officials say they regret

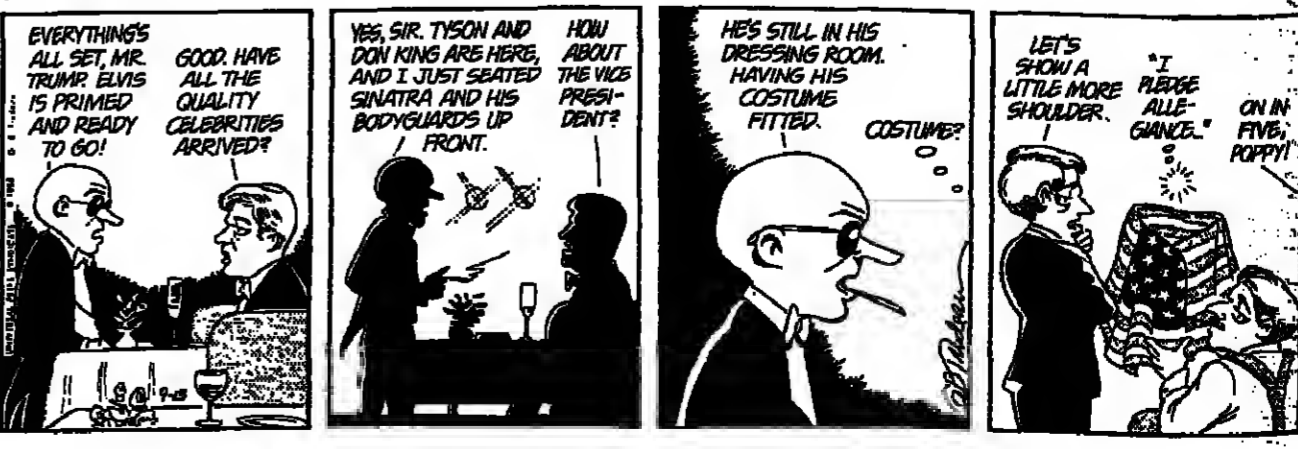
The workers also found the foundation of the Vostresenskiye gates, a double archway that straddled the passageway from 1680 until its dismantling in 1930 during renovation of Red Square, and remains of a small chapel between the arches that housed the icons of the Iverskaya virgin.

The most significant artifact found is a piece of birch bark that was used to write a letter before paper was introduced to the city, sometimes around the 14th century. Only a fragment of the bark remained, said Chernov, enough to make out the words of a greeting. The discovery beneath what is called Moscow's historic passage came by chance on July 27, when two Soviet soldiers, assigned to the road repair detail at Red Square, were digging to loosen worn cobblestones and came upon old wooden logs.

Each discovery — of a foundation, a wood spike — was greeted with cheers.

Before long, word spread of the rare Red Square find, and ordinary Muscovites were dropping by, offering to volunteer in the archaeological dig. During the month-long excavations, dozens of trained and unskilled people worked the ground, looking for treasures of a Moscow past. Each new discovery — of a brick and stone foundation, a knotted wood spike — was greeted with cheers, by those laboring in the rich brown dirt, and by crowds who peered through the fence and wandered freely around the diggings. Chernov was congratulated by people who had come to see the dig and to thank him.

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ECONOMIC SCENE

Cold Comfort on Day Care From Bush and Dukakis

By PETER PASSELL
New York Times Service

NEW YORK — Does Uncle Sam belong in the day care business? How far in? Eager to harness the newly discovered political clout of working mothers, both presidential candidates have endorsed proposals for subsidized day care. But in an apparent desire to present the smallest possible profile to critics, neither is offering a coherent rationale for federal intervention in the private market for child care services or a clear position on the wisdom of sharing the costs borne by middle-income families.

In Europe, parents and governments have long shared the responsibility for day care. In some countries, businesses participate as well. A European Community report recently said business should play a larger role, since day-care facilities in many countries were not sufficient to meet the growing demand from women who want to work.

Senator Christopher J. Dodd's bill on child care services, endorsed "in concept" by Michael S. Dukakis, the Democratic candidate for president, would create cash incentives for states to get interested in day care for children under age 15.

To receive a chunk of the first \$2.5 billion allocation, states need only create systems to license and regulate day care centers and match every \$4 they receive with \$1 of their own.

The bill offers no easy targets for liberal-baiters. The federal funds allocated are small, and the states' discretion in their use is large.

Proponents of the bill talk about creating a day care "infrastructure," implying that day care is a public good, like street lights or national defense, that would not be provided in adequate quantity or quality without governmental help.

But the analysis is weak. There are no obvious economic barriers to entry: a day care center requires no massive initial investment, and the skills needed to keep one running are not arcane. Nor is it impractical to charge the full cost of the service to the individuals who actually use it.

Another plausible rationale for subsidizing day care is that families who need it most can least afford it.

Early intervention may well offer the only hope of salvaging children born to young, poor, unmedicated mothers. Perhaps so, but the child care bill casts a far wider net.

ABOUT 18 million children are below kindergarten age, and the bill merely limits eligibility for subsidies to those from families with incomes below the median — now about \$32,000 for a family of four. Yet, with \$2.5 billion to spend, fewer than 900,000 children could be served at an estimated average cost of \$3,000 annually.

In the plan offered by Vice President George Bush, the Republican candidate, the bulk of \$2.2 billion for child care would be provided directly to parents in the form of refundable tax credits, no strings attached. Poor families would receive a maximum of \$1,000 per child under age 5. Credits would be phased out as family income approached \$12,000.

But Mr. Bush plans to extend eligibility to families with incomes exceeding \$20,000, "as budgetary goals allow."

The tax credit approach neatly finesse touchy ideological issues of federalism and church-state relations. No money would be funneled through state or local governments, and recipients would be equally free to buy day care services from grandma or from a church-sponsored nursery school. They would be equally free to spend the extra take-home pay on health insurance, better food or a week at the beach.

Neither candidate offers a coherent rationale for federal intervention.

Armtek Agrees to Merger

New Bid Clinches Deal for Mark IV

Compiled by Our Staff From Dispatches

NEW HAVEN, Connecticut — Armtek Corp. said Monday that it agreed to merge with its once hostile suitor, Mark IV Industries Inc., in a deal that values Armtek at \$561 million.

Armtek said it granted a Mark IV subsidiary, MIV Acquisition Inc., the option to purchase 2,216,000 shares of its common stock at a sweetened price of \$46 a share, exercisable under certain circumstances.

If the option is exercised, the shares acquired together with those already owned by Mark IV and affiliates would represent about 25 percent of the shares outstanding then. Mark IV currently holds 14.9 percent of Armtek.

There are about 12.2 million shares of Armtek common stock outstanding, the company said.

The bidding for Armtek began earlier this summer with a \$40-a-share offer from Mark IV, which Armtek rejected. The bid was raised to \$44 a share on Aug. 17.

Mark IV, based in West Amherst, New York, is involved in technical products, professional audio and information goods and aerospace and military manufacturing.

Formerly known as Armstrong Rubber Co., Armtek makes automotive and industrial engineered drive systems, belts, hoses and heat exchange products. It also makes synthetic rubber and specialty polymers. Armtek sold Armstrong Tire Co. to Pirelli SpA of Italy for more than \$190 million earlier this year.

Neither the chairman of Armtek, Frank R. O'Keefe Jr., nor any of its board members would comment Monday on the merger with Mark IV.

Talks between the companies have not been friendly. After Mark IV made its first offer, the Armtek board directed company officials to explore all other options, including recapitalization and a possible buyout by a third party.

Mark IV filed suit against Armtek at the end of last month, charging that Armtek had misused a variety of anti-takeover measures.

(Reuters, AP)

Bass Sees a Profit at Thrift's Core

American Savings Rescue Is Bet on Traditional Areas

By Nathaniel C. Nash
New York Times Service

WASHINGTON — In agreeing to take over American Savings & Loan Association of Stockton, California, the largest insolvent thrift in the United States, Robert M. Bass is betting the rescued company will be able to make a lot of money by operating the bulk of the business as a traditional thrift, taking deposits from consumers and making mortgages and other consumer loans.

But the deal also includes a controversial proposal to allow the new holding company to own a merchant banking unit among its four divisions, which will also include a banking operation that holds good loans, another for bad loans, and a real estate group.

People close to the transaction between the Federal Home Loan Bank Board and the Robert M. Bass Group said they believed that after stripping away all the bad loans and other questionable assets, American Savings would be healthy, well capitalized and one of the largest thrifts in California, with 185 offices and deposits of \$14 billion from one million customers.

"In California you are buying a stable and loyal deposit base, people that have stayed with American Savings through thick and thin," said one person close to the transaction.

"The people who did bread-and-butter thrift lending — taking deposits and making mortgage loans — are the ones that have made a bundle. If you have one of those thrifts, you have a lot of franchise value."

Indeed, a look at the details of the transaction, which was announced last week, indicated that Mr. Bass, a billionaire from Texas, had little exposure to either loss or profit from American Savings' \$10 billion in bad real estate assets. That is almost entirely covered by the \$2 billion pledged by the bank board.

But he does have a chance to get back the \$500 million he plans to inject into the new American Savings simply by operating it as a traditional thrift.

People close to the transaction also said Bass Group was betting that the severely depressed industry would rebound. They said that assumption was based on the belief that the government would ultimately act in a definitive way to turn the industry around, most likely through federal guarantees or a taxpayer bailout.

Although the basic business approach planned by the Bass Group may seem straightforward, the details of the transaction are intricate.

People close to the deal said

Robert Bass's Vision for American Savings

Parent Company
A holding company with four operating subsidiaries.

'Good Bank'
It will have \$14 billion in deposits from one million depositors. Assets will include about \$10 billion in good real estate loans, a \$6 billion loan to the "bad bank" and a \$1.5 billion line of credit to the merchant bank. It will be capitalized with \$500 million of new cash.

'Bad Bank'
Warehouse for about \$6 billion in bad real estate assets and \$13 billion in mortgage-backed securities, which will be liquidated. Any losses from current market values will be covered by \$2 billion in assistance from the bank board. Liquidation will include a \$6 billion note from the "good bank."

American Real Estate Group
Real estate management unit that on a contractual basis will sell the real estate in the "bad bank."

Merchant Bank
Capitalized with \$60 million in cash, the unit will have a \$1.5 billion line of credit from the "good bank." The unit will provide financial services to corporate customers. It will make commercial loans, debt and equity investments and acquisitions and will undertake leveraged buyouts. If trading or investment losses become significant, the bank board can force it to be liquidated.



Robert M. Bass

The New York Times

Ford and Nissan To Jointly Make Minivans in U.S.

By John Holusha
New York Times Service

DEARBORN, Michigan — Ford Motor Co. announced Monday that it would join with Nissan Motor Co. to build a minivan in a Ford plant in the United States.

The new model is to go on sale in the 1992 model year.

Harold A. Poling, vice chairman of Ford, said the project would involve an investment of about \$1 billion, \$900 million of which would be used to double the size of the company's existing truck plant in Avon Lake, Ohio, near Cleveland. About 75 percent of the content of the vehicle is to be North American and derived from Ford's "traditional" supplier base.

Under the terms of the agreement, which was expected, Nissan is to design and engineer the front-wheel-drive van, which will be exclusively a passenger vehicle. Ford is to handle the assembly of the planned volume of 130,000 vehicles a year and sell "slightly more than half" through its own dealers. The remainder are to be sold by Nissan.

The arrangement is considerably different from one Ford has with Mazda Motor Co., which is producing the Ford Probe car. The exterior of the Probe was designed by Ford but is based on the Mazda 626. The car is assembled at a plant built and operated by Mazda in the Detroit area.

Ford said the arrangement with Nissan would not affect the company's "harmonious and beneficial" relationship with Mazda, in which it has a 25 percent equity position. Ford executives have said privately that they discussed the minivan project with Mazda and that they approached Nissan only after those discussions were found to be unproductive.

Mr. Poling said the arrangement with Nissan was part of Ford's strategy of using "new business relationships" to develop products for niche markets that have limited sales potential.

He said the company's in-house design and engineering capabilities were fully devoted to updating its higher-volume core products. Without the arrangement, he said, Ford would be unable to produce the new vehicle.

Ford is involved with Nissan in two other projects. In Australia, each is selling a light truck manufactured by the other company. And in Europe, the two have a feasibility study under way concerning joint production of a low volume, four-wheel-drive utility vehicle.

Ford needs the arrangement with Nissan because its own minivan, the Aerostar, is built on a truck chassis and is therefore less car-like than Chrysler Corp.'s front-wheel-drive vans. Mr. Poling said the jointly produced van would complement the Aerostar model.

Minivans are rapidly displacing station wagons as the prime vehicle for hauling families and groceries.

According to Ford, minivan sales have grown to 12 percent of the light truck market in the United States as of last year. By 1992, Ford expects minivans to account for more than 18 percent of the market.

The Ford-Nissan deal is the latest in a series of cooperative ventures between U.S. and foreign auto companies. General Motors Corp., for instance, is involved in a joint venture plant with Toyota Motors Corp. in California that made the Chevrolet Nova and Corolla FX models.

Chrysler Corp. is linked with Mitsubishi Motors Corp. in a joint plant in Illinois that will produce cars for both companies this year.

In addition to the Probe model, Ford also sells another model in the United States that is based on a Mazda car. In another variation on the joint operations theme, Ford makes the Mercury Tracer, which is based on the Mazda 323, at a factory in Hermosillo, Mexico.

Ford also has links to Volkswagen AG of West Germany. Volkswagen is the manager of Autolovina, a combination of the two automakers' financially troubled operations in Argentina and Brazil.

Mr. Poling said 1,300 new jobs would be added at the Avon Lake plant, bringing employment to 2,800. The plant now fabricates and paints full-size van bodies, which are shipped to a nearby facility in Lorain, Ohio, for final assembly.

Currency Rates

Currency	Par \$	Sept. 12	Sept. 13
Australian dollar	1.3392	79.25	79.25
British pound	1.6463	158.75	158.75
Canadian dollar	0.7150	50.25	50.25
Deutsche mark	1.4936	103.50	103.50
French franc	6.5596	483.50	483.50
Italian lira	2036.27	1484.00	1484.00
Japanese yen	136.77	1000.00	1000.00
Swiss franc	0.8936	64.50	64.50
West German mark	1.4936	103.50	103.50

Japan's Trade Surplus Shrinks on Unexpected Import Surge

By Patrick L. Smith
International Herald Tribune

TOKYO — The Japanese trade surplus shrank 3.9 percent in August from a year earlier to \$4.94 billion, reflecting an unexpectedly strong surge in imports of food, machinery and other items.

Seasonally adjusted, the surplus fell 11 percent from July to \$5.53 billion.

The preliminary trade report for August, issued Monday by the Finance Ministry, marked the first substantial reduction in Japan's merchandise surplus since April. In July the surplus in trade widened for the first time in more than a year.

Bilateral trade with the United States accounted for all of the decline in the month's surplus. Nonetheless, trade analysts were hesitant to say that efforts to correct global trade imbalances, which have faltered in recent months, had regained significant momentum.

Keeping with a trend that emerged late last year, exports on a free-on-board basis rose 18.2 percent from the year earlier to \$20.8 billion, the ministry report said.

But imports based on cost, freight and insurance jumped 27.3 percent to \$15.85 billion.

Seasonally adjusted, exports exceeded by 1.5 percent from July to \$22.37 billion, and imports grew 6.4 percent to \$16.84 billion.

The surge in imports was chiefly a reflection of sustained growth in Japanese consumer spending and market liberalization steps in recent months, analysts said.

Fuel imports fell 10.8 percent to \$2.87 billion, chiefly because of the tax on petroleum purchases imposed on Aug. 1. But excluding gold and mineral fuels, imports were up 45 percent from last year, the most substantial gain since a year-to-year rise of 56 percent in February, economists said.

"The most important event here is the revival of underlying imports after five months of deceleration," said David Gerstenhaber, senior economist at Morgan Stanley International Ltd.

Among the categories that showed the biggest gains, food imports increased by 47 percent from the previous year to \$2.82 billion, and machinery and equipment im-

Verity Is Upbeat About Trade With Japan

Washington Post Service

TOKYO — Commerce Secretary C. William Verity Jr., in an upbeat assessment of U.S.-Japanese trade relations, said Monday that most trade disputes between the nations had been resolved and he was confident remaining disputes could be settled.

Mr. Verity, who last November attacked Japan for dragging its feet in opening some markets to foreign competition, said the major reason for his positive assessment was the resolution of bitter disputes over access to the Japanese construction market and its beef and citrus markets.

"What a difference 10 months make," he said.

Allied Irish PLC Seeks Control of Maryland Bank

Compiled by Our Staff From Dispatches

LONDON — Allied Irish Banks PLC offered Monday to pay \$340 million for the 50.3 percent of First Maryland Bancorp that it doesn't already own.

Allied Irish is offering \$35.25 a share. First Maryland's stock rose \$8.375 to \$33.125 by midday on the New York Stock Exchange.

Allied Irish acquired its existing stake in First Maryland beginning five years ago.

In other recent deals for U.S. banks, National Westminster Bank PLC acquired First Jersey National Corp. and Royal Bank of Scotland Group PLC announced plans to buy Citizens Financial Group Inc. of Rhode Island.

Allied Irish also said it planned a rights issue to raise 110 million pound (\$159 million) to augment its capital base and consolidate First Maryland.

(Reuters, AP)

Interest Rates

Currency	Rate	Source
3-month Euro	5.75%	Reuters
6-month Euro	5.50%	Reuters
1-year Euro	5.25%	Reuters
3-month Yen	5.25%	Reuters
6-month Yen	5.00%	Reuters
1-year Yen	4.75%	Reuters

UAP, Sun Life Agree To Exchange Stakes

Compiled by Our Staff From Dispatches

PARIS — France's largest insurer, Union des Assurances de Paris, will acquire nearly 20 percent of a British life insurance group in the latest of a series of cross-border insurance deals in Europe, the companies said Monday.

In a share swap, Sun Life Assurance Society PLC will also take a stake in a subsidiary of the state-controlled French company, known as UAP. The transaction, which the companies termed an alliance, is valued at about 1.8 billion French francs (\$286 million).

The transaction could be complicated by a Belgian insurer's apparent interest in Sun Life and by a balky minority shareholder in the British company.

The agreement was announced at a joint news conference in Paris, and financial details were released in London.

Sun Life will issue 13.18 million new ordinary shares, valued at around \$158 million at the current market price, to the UAP subsidiary, UAP International.

In return, Sun Life will receive bonds redeemable by the issue of shares in UAP International equivalent to 15 percent of the unit's enlarged issued share capital.

Sun Life also said it planned to raise \$62 million by a rights issue of 10.33 million new ordinary shares at 600 pence per share on a one-for-seven basis.

UAP has pledged to subscribe for its rights in full, giving it a total 18.2 percent stake in Sun Life, which is Britain's fourth-largest life insurance company.

Sun Life's shares fell 35 pence to 1,163 pence on the London Stock Exchange after the announcement.

The transaction is the latest European corporate alliance ahead of 1992, when the European Community intends to abolish all internal barriers to trade in goods and services.

A number of the mergers and acquisitions have been in insurance. UAP bought an interest in Royale Belge, a leading Belgian insurance company, in May 1987. Compagnie du Midi, a private French insurer, acquired Equity & Law of Britain for \$460 million in October. In May, Groupe des Assurances Generales de France, or AGF, took a large minority stake in Assenbel Vie SA of Belgium.

"Each time we find an opportunity in Europe, we will try to work together," UAP's chairman, Jean

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Asian Dollar Deposits

Term	Rate
1 month	8.75%
3 months	8.50%
6 months	8.25%
1 year	8.00%

U.S. Money Market

Instrument	Rate
3-month Treasury bill	7.75%
6-month Treasury bill	7.50%
9-month Treasury bill	7.25%
1-year Treasury bill	7.00%

Gold

Item	Price
Gold (per ounce)	\$342.15
1000 oz. gold bar	\$342,150

NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE Adv. volume, NYSE adv. volume, NYSE adv. volume.

NYSE Index table with columns for High, Low, Close, Chg.

Monday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table with columns for Class, Prev., High, Low, Close, Chg.

NASDAQ Index table with columns for Class, Prev., High, Low, Close, Chg.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Class, Prev., High, Low, Close, Chg.

Odd-Lot Trading in N.Y. table with columns for Sect., Buy, Sales, % of 100.

Dow Jones Averages table with columns for Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns for Industrials, Financials, Chemicals, etc.

NASDAQ Diary table with columns for Class, Prev., High, Low, Close, Chg.

AMEX Stock Index table with columns for High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Light Trading

United Press International NEW YORK — Prices closed mixed in light trading on the New York Stock Exchange Monday, with many participants out for the Jewish New Year and others waiting for the release of key economic indicators due later this week. The Dow Jones industrial average, which gained 14.22 points last week, rose 3.56 to close at 2,072.37. Declines topped advances, however, by a 4.3 margin. Big Board volume slowed to 114.88 million shares, compared with 141.54 million traded Friday. Broad-market indexes also slipped. The New York Stock Exchange index fell 0.21 to 150.63, and the price of an average share lost 4 cents. Analysts said that in addition to the two-day celebration of the Jewish New Year, which began at sundown Sunday, many investors were sidelined prior to the release of several closely watched economic statistics later in the week. These include the July U.S. merchandise trade report, due Wednesday, reports on industrial production and retail sales for August, expected Thursday, and data on capacity utilization for August and business inventories in July, to be released Friday. "With all the statistics due later this week, it's going to be another couple days before things get into gear here," said Jack Baker, head of the equity block trading desk at Shearson Lehman Hutton Inc. Estimates of the trade deficit, the most carefully scrutinized statistic, ranged from \$9.5 billion up to \$13.5 billion, but most Wall Street economists were looking for a shortfall of between \$11.25 billion and \$11.5 billion, compared with a June trade deficit of \$12.54 billion. "Obviously, any dramatic move one way or the other will affect the market significantly," Mr. Baker said. "The trend still looks good — like we're going to have at least stable, maybe even lower interest rates, and inflation is under control." "I'm looking for the market to move higher," he continued, forecasting the Dow industrials could rise as high as 2,150 "over the next few days." Hildegard Zagorski, market analyst with Prudential-Bache Securities Inc., said investors would pay close attention to capacity utilization figures for August. If the utilization rate remains high, that could be an inflationary signal. "We're predicting a slight decline over the previous month, and that could be a boost" for the market, she said. Monsanto was the most active issue, plunging 7 1/2 to 78 1/2. A federal court jury last week awarded almost \$9 million in a product liability case involving the Copper-T intrametric device, manufactured by Monsanto's G.D. Searle unit. The American Stock Exchange index slipped 0.78 to 296.67. The average price of a share dropped 3 cents. Declines led advances by about a 5-4 margin. Volume totaled just 5.95 million shares, down from 8.68 million traded on Friday.

Main stock market listing table with columns for 12 Month High/Low, Stock, Div., Yld., PE, 52 High/Low, Open, High, Low, Last, Chg.

Continuation of the main stock market listing table from the previous page.

(Continued on next page)

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect trade elsewhere.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Close, Chg. Lists various stocks and their performance.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Close, Chg. Lists various stocks and their performance.

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Table with columns: High, Low, Stock, Div. Yld. PE, 52 Wk High, Low, Close, Chg. Lists various stocks and their performance.

U.S. Futures Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists various futures contracts like Wheat, Corn, Soybeans, etc.

Food

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists food futures like Coffee, Cocoa, Orange Juice, etc.

Metals

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Lists metal futures like Copper, Aluminum, Zinc, etc.

Stock Indexes

Table with columns: Index Name, Points, % Chg. Lists various stock indices like NYSE, S&P 500, etc.

Commodity Indexes

Table with columns: Index Name, Points, % Chg. Lists commodity indices like NYSE Commodity, etc.

NYSE High-Lows

Table with columns: Stock, High, Low, Change. Lists high and low trading prices for various stocks.

AMEX High-Lows

Table with columns: Stock, High, Low, Change. Lists high and low trading prices for various stocks on AMEX.

Hungary to Modernize Its Telephone System

BUDAPEST — Hungary plans to modernize its overloaded telephone system with digital exchanges and may seek Western help with the project, a senior official said Monday.

American Says Court Dismissed Price Suit Against It and United

DALLAS — American Airlines said Monday that a federal court in Los Angeles had dismissed price-fixing charges against it and United Airlines.

Ex-Chairman Quits Post At Morrison Knudsen

BOISE, Idaho — Morrison Knudsen Corp. said Monday that William J. Dessy, president and chief operating officer, had resigned to develop other business opportunities.

Currency Options

Table with columns: Currency, Price, Change. Lists various currency options like British Pound, Japanese Yen, etc.

London Commodities

Table with columns: Commodity, Price, Change. Lists various commodities traded in London like Sugar, Coffee, etc.

Paris Commodities

Table with columns: Commodity, Price, Change. Lists various commodities traded in Paris like Wheat, Coffee, etc.

London Metals

Table with columns: Metal, Price, Change. Lists various metals traded in London like Aluminum, Copper, etc.

S&P 100 Index Options

Table with columns: Option Type, Price, Change. Lists various S&P 100 index options.

Dividends

Table with columns: Company, Dividend, Date. Lists various companies and their dividend payments.

DM Futures Options

Table with columns: Option Type, Price, Change. Lists various DM futures options.

World Stocks in Review

IN THE IHT EVERY MONDAY. A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS DURING THE PREVIOUS WEEK AND A LOOK AT LIKELY DEVELOPMENTS AHEAD.

Spot Commodities

Table with columns: Commodity, Price, Change. Lists various spot commodities like Wheat, Coffee, etc.

Company Results

Table with columns: Company, Revenue, Profit. Lists various companies and their financial results.

US Treasuries

Table with columns: Treasury Type, Price, Change. Lists various US Treasury securities.

US Sprint Sees Reduction in Loss

KANSAS CITY, Missouri — US Sprint Communication Co.'s operating loss in the third quarter of 1988 should be sharply reduced from the \$165 million loss a year earlier and the \$112 million loss in the second quarter of this year, a company officer said.

Gulf Canada Takes a Long Shot Drilling for Oil in the Arctic

By John F. Burns
New York Times Service
GULF ONE KULLUK, Beaufort Sea—By early September, the Arctic winter is closing in on this 32,000-ton exploratory oil rig, with plunging temperatures rapidly freezing the surrounding sea.

Then, as the polar region moves into the 24-hour winter night, heaves in the icepack thicken to as much as 13 feet (4 meters), pressing the huge steel skirt of the rig with forces that have crushed dozens of ships.

It is a season that tests the mettle of the Kulluk, whose name is an Eskimo word meaning thunder. Out on the rim of the Arctic Ocean, 50 miles (80 kilometers) from the closest land mass, the men and women who operate the rig for Beaufort, an oil-drilling subsidiary of Gulf Canada Resources Ltd., take comfort from the knowledge that, aside from a sister rig operating nearby, no other oil rig in the world has been built to withstand the kind of punishment that nature can inflict in the far north.

"The last vessel they called unsinkable was the Titanic," said Guy Howard, the engineer in charge of

drilling operations on the Kulluk, "so we avoid the term." The bulk of the rig was built in Japan, based on designs developed by Canadian engineers.

"But as far as modern technology can make any exploratory vessel safe in these waters, we believe

that the Kulluk is it," he added, while standing on a catwalk around the drilling deck, nearly 70 feet above the rolling sea. Along with Captain Klaus Ariszewski, 50, a former oil super-tanker captain who is in overall command of the Kulluk, Mr. Howard heads a rotating crew of 100 engineers, mechanics, drillers and support personnel.

During the rest of the year, the ice is too thick for safe operations and the rig is moved to the shelter of an island. On shore at Tuktoyaktuk,

Northwest Territories, the most northerly Eskimo community on the Canadian mainland, another 350 staff work at the base camp for Gulf Canada's Arctic operations.

The Beaufort Sea venture is draining almost \$100 million a year

from Gulf Canada, a company based in Calgary, Alberta, that is 69 percent owned by Olympia & York Developments Ltd. Olympia & York is the principal investment vehicle for Paul and Albert Reichmann of Toronto.

The Reichmanns are betting that the investment in the Beaufort Sea will eventually secure them a stake in the last great oil boom in North America, one that will tap the huge resources that many geologists believe lie trapped beneath the Arctic seabed.

So far, the venture remains a long shot. To succeed, it seems likely to require a rise in the price of oil to about \$25 a barrel from its current level of about \$15. It would also require a decision by Gulf Canada and other companies with stakes in the Beaufort to put up

guard their privacy so tightly that most Canadians know virtually nothing about them. But they have had extraordinarily successful business careers since arriving in the 1950s from Morocco, where they settled after fleeing the Holocaust in Europe.

The family's total wealth has been estimated at more than \$20 billion, with a large chunk of that invested in real estate in New York and other American cities. How successful their Beaufort venture will be depends almost entirely on what happens to oil prices in the 1990s, when Gulf Canada hopes to see a pipeline completed. As conventional, on-shore oil reserves in Canada and the United States are depleted, some experts believe that reserves on the frontier tapped at high cost—such as those in the Beaufort Sea and off the east coast of the continent—will make vast profits for companies involved in the pioneering exploration before the end of the century.

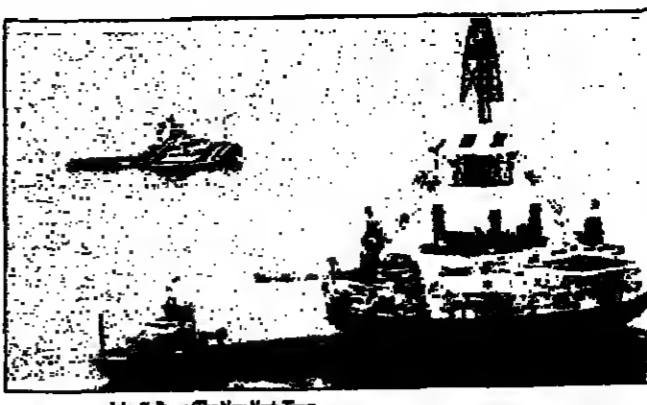
Gulf Canada is not alone in thinking that the risk is worth taking. Its minority partners in the Amulalik field include Husky Oil Ltd. of Calgary, which is owned by the Hong Kong billionaire Li Ka-shing, and Amoco Canada Petroleum Co., the wholly owned subsidiary of Amoco Corp. of Chicago.

Amoco Canada has just completed the \$4.5 billion takeover of Dome Petroleum Ltd., the first company to look for oil in the Beaufort in 1976, and Amoco announced last week that it would go

to the Beaufort next year to drill at least two wells on Dome leases. Some experts believe that the amount of oil to be found in the Beaufort may eventually total more than 10 billion barrels, more than all the oil that has been discovered so far in the North Slope of Alaska.

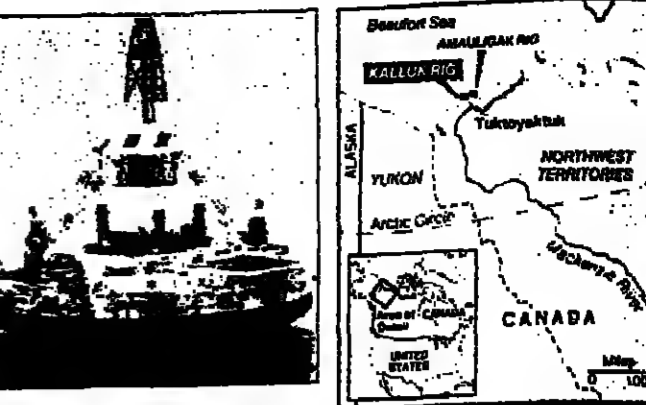
Top officials of Britain's Energy Ministry, which is responsible for oil development in the North Sea, visited the Beaufort Sea recently and left little doubt that they considered Gulf Canada's venture economically dubious.

Mr. Ariszewski, the offshore installations manager for Gulf Canada, acknowledged that none of the



John F. Burns/The New York Times

Above, the One Kulluk oil rig operated by Gulf Canada Resources in the Beaufort Sea off the northwest coast of Canada. At right, Guy Howard, the engineer in charge of drilling operations, and, far right, Captain Klaus Ariszewski, the commander of the drilling rig.



to the Beaufort next year to drill at least two wells on Dome leases. Some experts believe that the amount of oil to be found in the Beaufort may eventually total more than 10 billion barrels, more than all the oil that has been discovered so far in the North Slope of Alaska.

estimated \$1 billion that the company and its partners have spent on building and operating the Kulluk and its sister rig, the Moliqpaq, will pay off without a pipeline. The crew of the Kulluk has more immediate problems than the future track of oil prices, as the ice around the rig grows thicker. But most crew members are more worried about the consequences of an oil spill than sinking or being crushed by an ice pack. Canada has passed rigid pollution laws to protect the sensitive Arctic environment.

"The Canadian public has shown itself to be extraordinarily sensitive about the Arctic," Mr. Ariszewski said. "One spill and they'd close us down in a matter of hours."

Dollars		
Issuer/Mod.	Country	Rate
Alaska Finance Joint	USA	12.00
American Express	USA	11.75
American Sav.	USA	11.50
Bank of Montreal	Canada	11.25
Bank of Toronto	Canada	11.00
Bank of Nova Scotia	Canada	10.75
Bank of New York	USA	10.50
Bank of the West	USA	10.25
Bank of America	USA	10.00
Bank of the South	USA	9.75
Bank of the Midwest	USA	9.50
Bank of the South	USA	9.25
Bank of the Midwest	USA	9.00
Bank of the South	USA	8.75
Bank of the Midwest	USA	8.50
Bank of the South	USA	8.25
Bank of the Midwest	USA	8.00
Bank of the South	USA	7.75
Bank of the Midwest	USA	7.50
Bank of the South	USA	7.25
Bank of the Midwest	USA	7.00
Bank of the South	USA	6.75
Bank of the Midwest	USA	6.50
Bank of the South	USA	6.25
Bank of the Midwest	USA	6.00
Bank of the South	USA	5.75
Bank of the Midwest	USA	5.50
Bank of the South	USA	5.25
Bank of the Midwest	USA	5.00
Bank of the South	USA	4.75
Bank of the Midwest	USA	4.50
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Bank of the Midwest	USA	2.00
Bank of the South	USA	1.75
Bank of the Midwest	USA	1.50
Bank of the South	USA	1.25
Bank of the Midwest	USA	1.00
Bank of the South	USA	0.75
Bank of the Midwest	USA	0.50
Bank of the South	USA	0.25
Bank of the Midwest	USA	0.00

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed)		
Issuer/Mod.	Country	Rate
AL-AMAL GROUP	USA	11.25
AL-AMAL GROUP	USA	11.00
AL-AMAL GROUP	USA	10.75
AL-AMAL GROUP	USA	10.50
AL-AMAL GROUP	USA	10.25
AL-AMAL GROUP	USA	10.00
AL-AMAL GROUP	USA	9.75
AL-AMAL GROUP	USA	9.50
AL-AMAL GROUP	USA	9.25
AL-AMAL GROUP	USA	9.00
AL-AMAL GROUP	USA	8.75
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AL-AMAL GROUP	USA	1.00
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AL-AMAL GROUP	USA	0.50
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Denmark	D.Kr. 2,700	1,304	1,500	830	
Finland	F.M. 1,760	1,334	970	540	
France	F.F. 1,500	1,230	830	455	
Germany	D.M. 580	403	320	176	
—hand delivery	D.M. 739	103	379	199	
Gr. Britain	£	135	83	41	
Greece	Dr.	23,500	23,820	13,250	7,300
Ireland	£Ir.	155	118	85	47
Italy	Lire	360,000	295,200	200,000	110,000
Luxembourg	L.Fr.	11,000	7,300	6,000	3,300
Netherlands	FL	600	492	340	185
Norway (airmail)	N.Kr.	2,000	1,276	1,100	600
—hand delivery	N.Kr.	2,500	776	1,400	700
Portugal	Esc.	26,000	26,780	14,500	7,900
Spain (airmail)	Ptas.	31,000	21,780	17,000	9,400
—hd.del. Barcelona, Bilbao, Seville	Ptas.	31,000	21,780	17,000	9,400
—hd.del. Madrid	Ptas.	45,240		22,620	11,310
Sweden (airmail)	S.Kr.	2,000	1,276	1,100	600
—hd.del.	S.Kr.	2,500	776	1,400	700
Switzerland	S.Fr.	455	455	255	141
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Central/Latin America	\$	540		295	160

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Friday's market closings in Saturday's IHT

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Be sure that your fund is listed in this space daily. Telex: Matthew GREENE at 613359P for further information.

BUSINESS ROUNDUP

Rales Brothers Raise Bid for Interco

By Kurt Eichenwald
New York Times Service
NEW YORK — An investor group has made a new bid for Interco Inc., the U.S. shoe and furniture maker, under which stockholders would receive \$72 a share if the investors are allowed to review confidential information about Interco's recapitalization proposal.

New Chairman Is Named at Credit Lyonnais

PARIS — Jean-Yves Haberer will replace Jean-Maxime Lévesque as chairman of the state-owned banking group Credit Lyonnais, the government announced Monday in the official gazette.

U.S. Steel Exports Rose 25.2% in First Half

By Jonathan P. Hicks
New York Times Service
NEW YORK — American steel companies, stepping up exports in expectation of continued weakness in the dollar and tighter supplies, will this year have the highest level of shipments to foreign countries since the early 1980s, industry officials said.

Profit to Fall At Dow Jones

NEW YORK — Dow Jones & Co. said Monday that its earnings in the third quarter would be below those of a year ago. In the third quarter of 1987, the publishing and financial-services concern had earnings of \$36.8 million, or 38 cents a share, on revenue of \$298.6 million.

Computer Ills Cut Revenue at American Air

NEW YORK — American Airlines Inc. may have lost second-quarter revenue of as much as \$50 million because of a problem in its reservation system computer software, AMR Corp. has disclosed.

Monsanto Shares Plummet After Ruling

NEW YORK — Shares in Monsanto Co. dropped sharply Monday after G.D. Searle & Co., a unit of Monsanto, was ordered to pay almost \$9 million in damages to a Minnesota woman who used its Copper-7 intrauterine device.

Analysts said the large amount of damages awarded, specifically the \$7 million in punitive damages, could encourage other women to file suits against Searle and could result in further costs for Monsanto.

We wish to announce that Reinheimer Nordberg Inc. has become NORDBERG CAPITAL INC. The firm provides Specialized Investment Banking and Institutional Brokerage Services.

EBC Amro Traded Currency Fund Limited
NOTICE OF THE FOURTH ANNUAL GENERAL MEETING of Shareholders to take place on the 7th day of October, 1988 at 11 am.

BUYOUT: Macmillan Agrees to \$2.36 Billion Offer

(Continued from page 1)
tions that range from the Berlitz foreign-language training program to Katharine Gibbs clerical schools.



Robert Maxwell

higher at \$84.75 in trading Monday on the New York Stock Exchange, after hitting \$85 earlier in the session.

France's IFM Buying U.S. Meat Packer
United Press International
OKLAHOMA CITY — A French-based foods concern, IFM Group, will buy Wilson Foods Corp. for \$140 million in a friendly takeover to save Wilson from a hostile bidder, the companies said Monday.

UAP: Stake Exchange With Sun

(Continued from first finance page)
Peyrolevade, said at the Paris news conference with Peter Grant, Sun Life's chairman. "We are looking all over Europe."

percent in recent weeks. Mr. Grant said he did not consider this stake-building as hostile, although it had not previously been agreed upon with Sun Life.

IFI Istituto Finanziario Industriale
Società per Azioni
Corporate Office: 25, via Marengo, Turin, Italy.
Capital Stock Lira 122,500,000,000 fully paid.
Notice of shareholders' general meeting

WILLIAM LAWSON'S Scotch Whisky
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Advertisement for William Lawson's Scotch Whisky featuring a bottle and a glass.

Mondays AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High Low	Stock	Div. Yld. PE	Stk. 100s High Low	Close	Chge
13 1/2	4% AB	11	48	18	19
14	3% ABAG	12	1.0	15	15
14 1/2	3% AB	12	1.0	15	15
15	3% AB	12	1.0	15	15
15 1/2	3% AB	12	1.0	15	15
16	3% AB	12	1.0	15	15
16 1/2	3% AB	12	1.0	15	15
17	3% AB	12	1.0	15	15
17 1/2	3% AB	12	1.0	15	15
18	3% AB	12	1.0	15	15
18 1/2	3% AB	12	1.0	15	15
19	3% AB	12	1.0	15	15
19 1/2	3% AB	12	1.0	15	15
20	3% AB	12	1.0	15	15
20 1/2	3% AB	12	1.0	15	15
21	3% AB	12	1.0	15	15
21 1/2	3% AB	12	1.0	15	15
22	3% AB	12	1.0	15	15
22 1/2	3% AB	12	1.0	15	15
23	3% AB	12	1.0	15	15
23 1/2	3% AB	12	1.0	15	15
24	3% AB	12	1.0	15	15
24 1/2	3% AB	12	1.0	15	15
25	3% AB	12	1.0	15	15
25 1/2	3% AB	12	1.0	15	15
26	3% AB	12	1.0	15	15
26 1/2	3% AB	12	1.0	15	15
27	3% AB	12	1.0	15	15
27 1/2	3% AB	12	1.0	15	15
28	3% AB	12	1.0	15	15
28 1/2	3% AB	12	1.0	15	15
29	3% AB	12	1.0	15	15
29 1/2	3% AB	12	1.0	15	15
30	3% AB	12	1.0	15	15
30 1/2	3% AB	12	1.0	15	15
31	3% AB	12	1.0	15	15
31 1/2	3% AB	12	1.0	15	15
32	3% AB	12	1.0	15	15
32 1/2	3% AB	12	1.0	15	15
33	3% AB	12	1.0	15	15
33 1/2	3% AB	12	1.0	15	15
34	3% AB	12	1.0	15	15
34 1/2	3% AB	12	1.0	15	15
35	3% AB	12	1.0	15	15
35 1/2	3% AB	12	1.0	15	15
36	3% AB	12	1.0	15	15
36 1/2	3% AB	12	1.0	15	15
37	3% AB	12	1.0	15	15
37 1/2	3% AB	12	1.0	15	15
38	3% AB	12	1.0	15	15
38 1/2	3% AB	12	1.0	15	15
39	3% AB	12	1.0	15	15
39 1/2	3% AB	12	1.0	15	15
40	3% AB	12	1.0	15	15
40 1/2	3% AB	12	1.0	15	15
41	3% AB	12	1.0	15	15
41 1/2	3% AB	12	1.0	15	15
42	3% AB	12	1.0	15	15
42 1/2	3% AB	12	1.0	15	15
43	3% AB	12	1.0	15	15
43 1/2	3% AB	12	1.0	15	15
44	3% AB	12	1.0	15	15
44 1/2	3% AB	12	1.0	15	15
45	3% AB	12	1.0	15	15
45 1/2	3% AB	12	1.0	15	15
46	3% AB	12	1.0	15	15
46 1/2	3% AB	12	1.0	15	15
47	3% AB	12	1.0	15	15
47 1/2	3% AB	12	1.0	15	15
48	3% AB	12	1.0	15	15
48 1/2	3% AB	12	1.0	15	15
49	3% AB	12	1.0	15	15
49 1/2	3% AB	12	1.0	15	15
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50 1/2	3% AB	12	1.0	15	15
51	3% AB	12	1.0	15	15
51 1/2	3% AB	12	1.0	15	15
52	3% AB	12	1.0	15	15
52 1/2	3% AB	12	1.0	15	15
53	3% AB	12	1.0	15	15
53 1/2	3% AB	12	1.0	15	15
54	3% AB	12	1.0	15	15
54 1/2	3% AB	12	1.0	15	15
55	3% AB	12	1.0	15	15
55 1/2	3% AB	12	1.0	15	15
56	3% AB	12	1.0	15	15
56 1/2	3% AB	12	1.0	15	15
57	3% AB	12	1.0	15	15
57 1/2	3% AB	12	1.0	15	15
58	3% AB	12	1.0	15	15
58 1/2	3% AB	12	1.0	15	15
59	3% AB	12	1.0	15	15
59 1/2	3% AB	12	1.0	15	15
60	3% AB	12	1.0	15	15
60 1/2	3% AB	12	1.0	15	15
61	3% AB	12	1.0	15	15
61 1/2	3% AB	12	1.0	15	15
62	3% AB	12	1.0	15	15
62 1/2	3% AB	12	1.0	15	15
63	3% AB	12	1.0	15	15
63 1/2	3% AB	12	1.0	15	15
64	3% AB	12	1.0	15	15
64 1/2	3% AB	12	1.0	15	15
65	3% AB	12	1.0	15	15
65 1/2	3% AB	12	1.0	15	15
66	3% AB	12	1.0	15	15
66 1/2	3% AB	12	1.0	15	15
67	3% AB	12	1.0	15	15
67 1/2	3% AB	12	1.0	15	15
68	3% AB	12	1.0	15	15
68 1/2	3% AB	12	1.0	15	15
69	3% AB	12	1.0	15	15
69 1/2	3% AB	12	1.0	15	15
70	3% AB	12	1.0	15	15
70 1/2	3% AB	12	1.0	15	15
71	3% AB	12	1.0	15	15
71 1/2	3% AB	12	1.0	15	15
72	3% AB	12	1.0	15	15
72 1/2	3% AB	12	1.0	15	15
73	3% AB	12	1.0	15	15
73 1/2	3% AB	12	1.0	15	15
74	3% AB	12	1.0	15	15
74 1/2	3% AB	12	1.0	15	15
75	3% AB	12	1.0	15	15
75 1/2	3% AB	12	1.0	15	15
76	3% AB	12	1.0	15	15
76 1/2	3% AB	12	1.0	15	15
77	3% AB	12	1.0	15	15
77 1/2	3% AB	12	1.0	15	15
78	3% AB	12	1.0	15	15
78 1/2	3% AB	12	1.0	15	15
79	3% AB	12	1.0	15	15
79 1/2	3% AB	12	1.0	15	15
80	3% AB	12	1.0	15	15
80 1/2	3% AB	12	1.0	15	15
81	3% AB	12	1.0	15	15
81 1/2	3% AB	12	1.0	15	15
82	3% AB	12	1.0	15	15
82 1/2	3% AB	12	1.0	15	15
83	3% AB	12	1.0	15	15
83 1/2	3% AB	12	1.0	15	15
84	3% AB	12	1.0	15	15
84 1/2	3% AB	12	1.0	15	15
85	3% AB	12	1.0	15	15
85 1/2	3% AB	12	1.0	15	15
86	3% AB	12	1.0	15	15
86 1/2	3% AB	12	1.0	15	15
87	3% AB	12	1.0	15	15
87 1/2	3% AB	12	1.0	15	15
88	3% AB	12	1.0	15	15
88 1/2	3% AB	12	1.0	15	15
89	3% AB	12	1.0	15	15
89 1/2	3% AB	12	1.0	15	15
90	3% AB	12	1.0	15	15
90 1/2	3% AB	12	1.0	15	15
91	3% AB	12	1.0	15	15
91 1/2	3% AB	12	1.0	15	15
92	3% AB	12	1.0	15	15
92 1/2	3% AB	12	1.0	15	15
93	3% AB	12	1.0	15	15
93 1/2	3% AB	12	1.0	15	15
94	3% AB	12	1.0	15	15
94 1/2	3% AB	12	1.0	15	15
95	3% AB	12	1.0	15	15
95 1/2	3% AB	12	1.0	15	15
96	3% AB	12	1.0	15	15
96 1/2	3% AB	12	1.0	15	15
97	3% AB	12	1.0	15	15
97 1/2	3% AB	12	1.0	15	15
98	3% AB	12	1.0	15	15
98 1/2	3% AB	12	1.0	15	15
99	3% AB	12	1.0	15	15
99 1/2	3% AB	12	1.0	15	15
100	3% AB	12	1.0	15	15

12 Month High Low	Stock	Div. Yld. PE	Stk. 100s High Low	Close	Chge
101	3% AB	12	1.0	15	15
102	3% AB	12	1.0	15	15
103	3% AB	12	1.0	15	15
104	3% AB	12	1.0	15	15
105	3% AB	12	1.0	15	15
106	3% AB	12	1.0	15	15
107	3% AB	12	1.0	15	15
108	3% AB	12	1.0	15	15
109	3% AB	12	1.0	15	15
110	3% AB	12	1.0	15	15
111	3% AB	12	1.0	15	15
112	3% AB	12	1.0	15	15
113	3% AB	12	1.0	15	15
114	3% AB	12	1.0	15	15
115	3% AB	12	1.0	15	15
116	3% AB	12	1.0	15	15
117	3% AB	12	1.0	15	15
118	3% AB	12	1.0	15	15
119	3% AB	12	1.0	15	15
120	3% AB	12	1.0	15	15
121	3% AB	12	1.0	15	15
122	3% AB	12	1.0	15	15
123	3% AB	12	1.0	15	15
124	3% AB	12	1.0	15	15
125	3% AB	12	1.0	15	15
126	3% AB	12	1.0	15	15
127	3% AB	12	1.0	15	15
128	3% AB	12	1.0	15	15
129	3% AB	12	1.0	15	15
130	3% AB				

CURRENCY MARKETS

Dollar Eases in Bundesbank Selling

NEW YORK — The dollar eased mostly lower in quiet trading against key foreign currencies Monday after selling by the West German central bank and while traders awaited the scheduled Wednesday release of the U.S. trade balance for July.

Table with columns: Currency, Rate, Change. Includes Deutsche mark, Swiss franc, French franc, British pound.

The dollar also ended mostly lower in European trading after the West German central bank intervention in the morning quashed bullishness, dealers said. The dollar finished at 1.8475 Deutsche marks, down from Friday's finish of 1.8476 DM, and at 133.50 yen, compared with 133.57.

Fed Governor Heller Says U.S. Inflation Threat Ebbs

FRANKFURT — H. Robert Heller, a member of the Federal Reserve Board, said that the danger of a rise in U.S. inflation was receding and that the central bank's current interest rate and monetary policies were correct.

BASS: A Wager That Traditional Activities Will Pay

(Continued from first finance page) also will apply. The unit will have to report quarterly to the bank board the market value of its assets. And reportedly if the unit shows losses of any appreciable size — which could deplete the \$500 million in capital at the good bank — the merchant bank will be forced to liquidate.

man of the thrift's holding company, Financial Corp. of America, which is based in Irvine, California. After his resignation, FCA's board voted to file for bankruptcy protection from creditors.

GOLD: Slide in Oil Price Diminishes Fears of Inflation and Metal's Price

(Continued from page 1) to attend any meeting agreed by OPEC, Oil Minister Hisham Nazer said. It said a proposal that OPEC's five-member price monitoring committee meet in Bali, Indonesia, around Sept. 20, had been dropped.

containing inflation have also hurt prices, Swiss said. In Basel, Switzerland, central bank governors from leading industrial democracies agreed that recent interest-rate increases had helped dampen inflationary expectations in financial markets, according to Karl Otto Pohl, president of the Bundesbank, West Germany's central bank.

Traders said they were unsure of the motive behind the West German central bank's move. "It was very effective, but God knows why they did it," said a trader with a European bank in London.

Monday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Includes columns for stock, price, change.

Large table of stock prices under 'Monday's OTC Prices' section, listing various companies and their market values.

Table of stock prices with columns: 12 Month High/Low, Stock, Div. Yld. PE, 52 Week High/Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High/Low, Stock, Div. Yld. PE, 52 Week High/Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High/Low, Stock, Div. Yld. PE, 52 Week High/Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High/Low, Stock, Div. Yld. PE, 52 Week High/Low, 4 P.M. Close.

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Under the current deal, the unit, which has about 400 employees, will be a separate operating subsidiary and will have the responsibility to liquidate the real estate in the bad bank, as well as handling other real estate business for Mr. Bass.

Only time and close scrutiny by Congress and the financial community will tell whether the terms of the innovative deal will be good for the government as well as the bank board.

One thrift expert noted that even though the bank board has estimated that its cost is about \$2 billion, the ultimate cost to the government will be more, since the Bass Group will share in 25 percent of the tax breaks, funds that otherwise would flow to the Treasury.

Interest and principal payments will come from two sources. One is liquidated real estate and whatever is left after selling the mortgage-backed securities and paying off the repurchase agreements.

But losses on the assets are certain. And when they occur, the bank board is supposed to ante up, using its \$2 billion in promised assistance.

Under this structure, Mr. Bass has little risk exposure, people close to the transaction said. But since 75 percent of the bad bank's tax credits will be passed through to the bank board, plus 30 percent of the good bank's profits, there is little chance for a killing in the troubled real estate.

Mr. Popojey resigned as chairman of the thrift's holding company, Financial Corp. of America, which is based in Irvine, California. After his resignation, FCA's board voted to file for bankruptcy protection from creditors.

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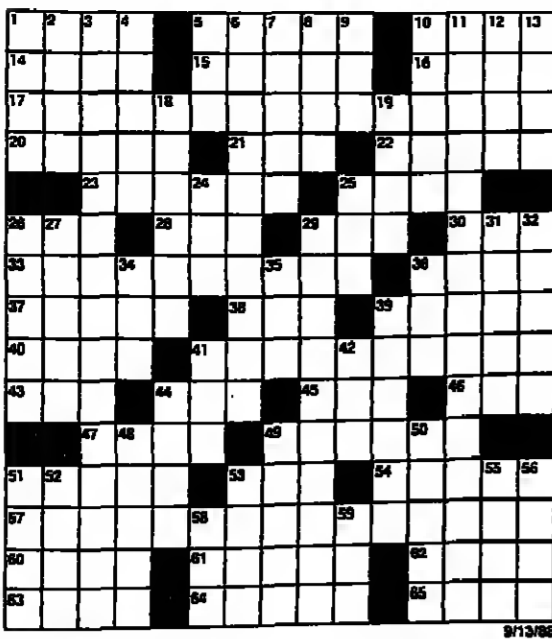
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AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

World Bank Agency May Underwrite Stocks

WASHINGTON — A World Bank affiliate is exploring the possibility of underwriting stocks of Third World manufacturing companies in the United States and Britain, World Bank officials said Monday.



- ACROSS**
- 1 Emulate beavers
 - 8 Fragment
 - 10 Gush forth
 - 14 Shakespearean villain
 - 15 Self-assurance
 - 16 Jacob's third son
 - 17 Old Glory
 - 20 Lift
 - 21 Annual doc
 - 22 Spacious
 - 23 More orderly
 - 25 Independent
 - 26 Motor coach
 - 28 Frigid
 - 29 Lose force
 - 30 Buttons or shellon
 - 33 Slenderized
 - 36 Bridge expert
 - 37 St.
 - 38 Sockol
 - 39 Tee shot
 - 40 Kind of chamber
 - 41 Linguistic forms
 - 43 "Norma" character
 - 44 Type of bread
 - 45 A.F.T. rival
 - 46 Six-pointers
 - 47 Feds
 - 48 Stone foundation
 - 49 "Grows in Brooklyn"
 - 51 Spanish aunt
 - 54 Mutton and veal
 - 57 Morjner
 - 58 Snerd's liend son
 - 60 Spiral
 - 61 Fear
 - 62 Bit of news
 - 63 Melody
 - 64 Move sideways
 - 65 Watches
- DOWN**
- 1 Lillan of acting lame
 - 2 Alliance letters
 - 3 Displeasing
 - 4 From bad to
 - 5 Bad Em's, e.g.
 - 6 To be
 - 7 Added clause
 - 8 Vice pin, e.g.
 - 9 Favorite
 - 10 Thin mud
 - 11 "Peanuts" character
 - 12 Daredevil
 - 13 Sagacious
 - 18 Blots
 - 19 Almost unique
 - 24 Fort Worth inst.
 - 25 Topmast
 - 26 Phlegm
 - 27 City in the Empire State
 - 28 Fiendish
 - 31 Like chalet roofs
 - 32 Trim
 - 34 Ike's W.W. II command
 - 35 Soviet chess expert
 - 38 Mountain
 - 39 Cosmic order, in Buddhism
 - 41 Author Rand
 - 42 Vigor
 - 43 Slagger
 - 44 Actress Oberon
 - 46 Coated with hoarfrost
 - 50 Eagle's nest
 - 51 Nos. person
 - 52 One grand, for short
 - 53 Actress Garr
 - 55 "O! — Sing"
 - 56 Sylvia
 - 58 Psychic parts
 - 59 Alphabetic trio

© New York Times, edited by Eugene Malinka.

PEANUTS



BLONDIE



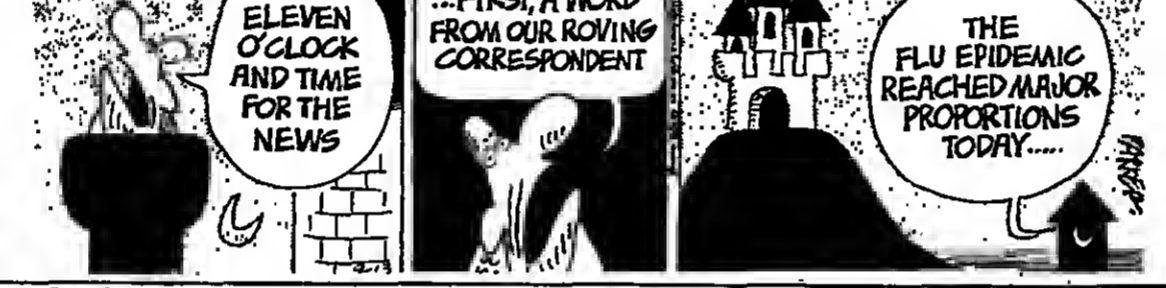
BETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

THE PIZZA CONNECTION: Lawyers, Drugs and the Mafia

By Shana Alexander. 352 pages. \$19.95. Weidenfeld & Nicolson, 10 East 53rd Street, New York, N.Y. 10022. Reviewed by Walter Goodman

THE cast of characters and chronology that accompany "The Pizza Connection" should help you digest the details of a trial that occupied a federal courthouse in New York from October 1985 to March 1987. A band of Sicilian-born mafiosi (the number went from 22 to 19 during the trial, owing to deaths, natural and other, and a plea bargain) found themselves in the dock for participating in a multimillion-dollar heroin-smuggling and money-laundering operation that extended from Sicily to Brooklyn, from Brazil to a chain of pizzerias in the Midwest.

Alexander, whose taste for criminal trials has previously been evidenced in books about the Jean Harris and Patty Hearst cases, devalued the dealings among the conspirators, who sometimes conspired against one another, the slaying by the FBI and, especially, the trial itself, which she presents as even more Byzantine than the rules of etiquette for Mafia dons.

The tastiest passages have to do with the defense attorneys, "a gaggle of mutually hostile, suspicious, apt and inept lawyers." They

are the pepperoni on the pie. Their battles frequently came into conflict. Some of the assistants did not mind acknowledging the existence of the Mafia as long as drugs did not enter into it; others denied ever coming into contact with any such institution. Moreover, the combative egos of the lawyers, apparently necessary for performing in a courtroom, often clashed. These specialists in defense seemed to be comfortable only when the attack. They battled with their clients, with the prosecutors, with the judge, "Egg enlargement," Alexander writes, "is the occupational hazard of the defense bar, the siltcock of the trade."

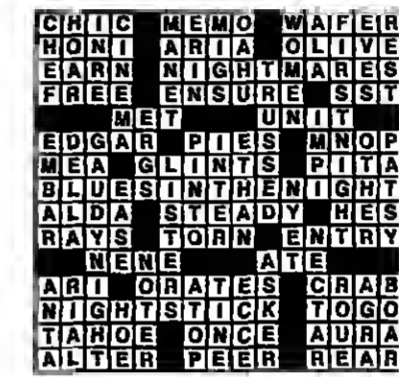
The author's favorite lawyer is Michael Kennedy, who, she alerts us in a preface, is "a neighbor and close friend." She calls him "a left-wing Lome Ranger," and cites his most ordinary observation as though it were a marvel of profundity, as when, speaking of the adversary system, "he says in his careful, perfect diction, "that no system is better, but it is fundamentally flawed as — although a more flawed than — the human condition generally."

Although her book occasionally gets bogged down in the army of witnesses and acres of evidence, Alexander generally makes a skilled guide, taking us out of the courtroom to dramatize the events being referred to on the stand. Her accounts of international smuggling operations, murderous Mafia feuds and carefully coordinated arrests have the appearance of a snappy detective story. (We learn that it takes three and a half hours to count \$1.45 million mostly in \$100 bills.)

She detects that prosecution and defense are equally willing to skirt or mangle truth and common sense in the interests of victory and makes a good case that such megalotals cannot work fairly. Alexander notes that not a single juror or alternate stayed awake through the entire ordeal. To her credit, her readers should find it possible to do better.

Walter Goodman is on the staff of The New York Times.

Solution to Previous Puzzle



JUMBLE THAT SCRAMBLED WORD GAME

A jumble puzzle with the words: PORDO, THECK, UCCSAU, CEETIN. Instructions: Unscramble these four Jumbles, one letter to each square, to form four ordinary words. Print answer here.

Yesterday's Jumble: FLOUT WAGER UNPACK CALICO. Answer: Ignorance of the law is no excuse, especially if you're this-A KNOW-IT-ALL.

WEATHER

Weather forecast table with columns for EUROPE, ASIA, NORTH AMERICA, MIDDLE EAST, and OCEANIA. It lists high and low temperatures and weather conditions for various cities.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Sept. 12

World Stock Markets table listing stock indices and prices for various countries including Amsterdam, London, Tokyo, Hong Kong, Singapore, Sydney, Toronto, Paris, Stockholm, and others.

CHESS

Chess section featuring a diagram of a chessboard and text discussing a game between White and Black, mentioning moves and player strategies.

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Advertisement for Goldstar electronics, including TVs and VCRs. Text: 'West Germany: the land of quality craftsmanship. West Germany: the land where 300,000 Goldstar TVs and 400,000 Goldstar VCRs are produced every year.'

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Market Closed The stock market in Zurich was closed Monday for a holiday.

PERSONAL INVESTING IN THE SECOND MONDAY OF EACH MONTH. EDITED FOR THE SOPHISTICATED INVESTOR - AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS - WORLDWIDE

SPORTS

Even if One Can't Watch All the Olympic Games, Some Events Are Not to Be Missed

By Frank Litsky
New York Times Service
After the athletes march into the stadium Saturday for the opening ceremonies...

State University runner smashed Lee Eyrans' 20-year-old world record of 43.86 seconds by running 43.29. The only major feat...

IOC Rules for Berndt, Rejecting East Germany

By Christine Brennan
Washington Post Service
SEOUL — The International Olympic Committee rejected Monday a demand by East Germany...



Michele Mitchell of the U.S. team practiced diving Monday in Seoul as athletes stepped up training with the Olympics five days away.

Wilander Wins Open, Top Ranking

By Peter Alfano
New York Times Service
NEW YORK — They played for almost five hours, a tennis tug-of-war with the U.S. Open champion...

Yanks Beat Tigers Again, Go Into 2d, On Washington's Home Run in 18th

Compiled by Our Staff From Dispatches
NEW YORK — Claudell Washington lit a two-run home run with none out in the bottom of the 18th inning...

Green Wins Again

The Associated Press
FRANKLIN, Wisconsin — Ken Green won his second tournament in a row Sunday, a six-shot victory in the Greater Milwaukee Open...

Madagascar Boycotts

Madagascar has joined the Olympic boycott protesting North Korea's not being allowed to coach the Games...

Scoreboard

Table containing Major League Standings, Sunday's Line Scores, and NFL Standings.

Football

Table containing CFL Standings, Eastern Division, and Western Division.

Jets Finally Score, Defeat Beat-Up Browns, 23-3

Compiled by Our Staff From Dispatches
CLEVELAND — Roger Vick scored the New York Jets' first two touchdowns of the 1988 National Football League season...

Baseball Roundup

With two out in the sixth, Tom Brooks hit the ball down the left-field line and was safe at third when Ricky Henderson could not clearly handle the ball...

Golf

Plaid pliers did extra duty in the Greater Milwaukee Open, which ended Sunday at the par-73, 7,628-yard Tackway Country Club course in Franklin, Wisconsin...

Soccer

SPANISH FIRST DIVISION
Atletico de Madrid 4, Atletico de Bilbao 1
Atletico de Madrid 2, Espanyol 1

Transition

BASEBALL
Baltimore Orioles
NEW YORK — Activated Woody Boyken, second baseman, from the 15-day disabled list.

Russell Baker

IN THE HIT EVERY
WEDNESDAY AND FRIDAY
URBANE WIT AT ITS SATIRICAL BEST



Mike Quick of the Eagles didn't catch Randall Cunningham's pass, but the Bengals' Eric Thomas didn't make an interception, either.

at the stage in M. istant
y once
st. Wilander was not content playing it safe. He held to open the second set, then broke Lendl, hitting two volley winners. Wilander had said he planned a surprise for Lendl, and perhaps this was it.

ART BUCHWALD

A Day to Remember

WASHINGTON — When I came out of the house on my way to work the other day, I saw my neighbor, Clinton Fogel, planting a large American flag on his lawn.



Buchwald

Jack the Ripper Filmed For U.S.-U.K. TV Series

NEW YORK — A co-production arrangement by CBS, Lorimar Television and Britain's Thames Television will bring an international audience to the latest unmasking of the world's best-known unknown killer, Jack the Ripper.

He blushed. "I don't know why you would say I am a great patriot just because I recite the Pledge of Allegiance five times a day."

Lennon Biography: Whose Life Is It?

By Allan Kozinn

NEW YORK — Albert Goldman's biography, "The Lives of John Lennon," which portrays the former Beatle as a violent, schizophrenic drug addict, leaped into the No. 2 position on the New York Times best-seller list shortly after publication.

He settled for \$850,000 from William Morrow. At the time, he said, "John Lennon was my idol in the rock world. He was someone of great intelligence and courage -- the opposite of Elvis."



Yoko Ono and Lennon at his studio shortly before he was shot.

There are many internal contradictions in Goldman's tale. For example, in attempting to depict Lennon as physically uncoordinated, Goldman writes that Lennon's reputation as a rhythm guitarist was unearned.

PEOPLE

Injuries at His Concert Sadden Michael Jackson

Michael Jackson said he was "very sad" for thousands of fans who were treated for minor injuries at the last concert of his 43-day European tour.

PERSONAL MESSAGES
A "REP" IS BORN!
CONGRATULATIONS KATH & GEORGE on the birth of your new baby girl, CHELSEA RIZABETH!

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